

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND DECEMBER 10/DECEMBER 11 1994

D8523A

Rescue mounted
for two ailing
Japanese banks

The Bank of Japan moved to save two ailing credit unions in the first publicly backed bank rescue since before the second world war. A new bank is to be set up to absorb the assets and liabilities of the Tokyo Kyowa and Aman credit unions, which are on the brink of bankruptcy. The two institutions have total non-performing loans of about Y100bn (US\$1bn) accumulated mainly through lending to ENE international, a troubled property group.

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Orange County acts against banks: Orange County, the besieged southern California district facing \$1.5bn of investment losses, started legal action against several Wall Street investment banks. Page 3; Editorial Comment, Page 8; Lex, Page 26

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NEWS: EUROPE

ESSEN SUMMIT ■ Nervousness on Bosnia ■ Consensus on competitiveness ■ More cash for communications

Britain and France firm on Bosnia

By Lionel Barber in Essen

Britain and France, the two powers with the largest number of forces in Bosnia, sought to reassure their EU partners yesterday that they did not intend to "cut and run" from the war-ravaged region despite mounting pressure to do so.

Although Mr Douglas Hurd, UK foreign secretary, warned colleagues at the EU summit in Essen that the 23,000-strong UN peacekeeping force could be forced to withdraw in "a matter of weeks" unless the Bosnian Serbs accept the UN-EU peace plan, the tone of contacts yesterday suggested that there was still a strong consensus that a diplomatic solution be found in Bosnia.

Both Mr Hurd and his French counterpart, Mr Alain Juppe, gave assurances to Belgium, the Netherlands, Spain and other EU partners who have despatched troops to Bosnia.

Fears of a collapse of the UN peacekeeping effort rose this week after renewed Bosnian Serb aggression and US confirmation that it was willing to supply more than 30,000 troops to assist in a forced withdrawal. The US offer matched Nato contingency planning, but it could also spur calls in the new US Congress for a lifting of the UN arms embargo against the Bosnian Moslem government.

French officials warned yesterday that a "hit and strike" strategy could trigger a wider war in the Balkans, involving Russia supporting the Serbs.

Chancellor Helmut Kohl of Germany, the summit host, was said to be determined to maintain a consensus within the EU in favour of a diplomatic solution.

This approach was confirmed, albeit with difficulty, at a meeting a week ago of the so-called contact group on Bosnia comprising France, Germany, Russia, the UK and the US.

Mr Hurd is pinning his hopes on a three-point plan which relies heavily on President Slobodan Milosevic, the erstwhile aggressor, putting pressure on his former Bosnian Serb allies to accept a settlement. The plan involves:

- An early ceasefire, particularly in the besieged Moslem enclave of Srebrenica.

- Acceptance by the Bosnian Serb assembly in Pale that the Serbs occupy 51 per cent of Bosnia and the Moslems 49.

- Further land swaps between the Serbs and Moslems, perhaps trading Serbian gains in eastern Bosnia with a consolidation of Moslem territory around Sarajevo.

The aim would be to create a confederation between the Bosnian Serbs and the Serbian government in Belgrade which would have a "parallel special relationship" with the confederation already established between the Bosnian Moslems and the Croats.

France and the UK are hoping President Milosevic will simply bypass his former ally, Mr Radovan Karadzic, and win over the majority in Pale. Mr Hurd has been in regular contact with Mr Milosevic in the past few days, according to British officials.

Both countries were last night pressing European partners not to issue a strong summit statement attacking Serbian aggression for fear of destabilising Mr Milosevic.

Chancellor Helmut Kohl of Germany, the summit host, was said to be determined to maintain a consensus within the EU in favour of a diplomatic solution.



Helping hands from Germany's Chancellor Kohl, left, and his foreign minister Klaus Kinkel, right, as they guide the Greek prime minister, Andreas Papandreou, towards the entrance of the Essen Fair and Congress centre yesterday. (Associated Press)

Major presses for drive against fraud

By Philip Stephens in Essen

Mr John Major yesterday pressed his partners to agree a new drive against fraud, arguing that mismanagement, waste and criminal activities were undermining the European Union.

Speaking in the wake of the recent political rows in Britain about the level of fraud, the UK prime minister called for an increased role for the Brussels Commission in scrutinising expenditure.

In a presentation to the summit which drew approval from a number of other EU governments, including the Nether-

lands, Luxembourg and the new Nordic entrants, Mr Major called for the summit to give political impetus also to a draft regulation to protect the Union's financial interests. The council of ministers meanwhile should conclude rapidly a legally binding instrument against criminal fraud.

Mr Jacques Santer, the incoming president of the European Commission, is expected to make tight financial management a priority when he takes over from Mr Jacques Delors in January.

The precise extent of fraud is an unknown proportion of the annual Ecu850m (55bn) budget but the bulk is concentrated in the common agricultural policy.

Calling for the summit to endorse further work by finance ministers to reduce both waste and fraud, Mr Major said that member states should be required to report individually to the finance council on the action they were taking to protect EU funds.

In proposals likely to be endorsed in the summit's final communiqué, he called also for more vigorous use of its powers and more intense scrutiny of financial arrangements by

the European Parliament.

Mr Major's hopes of a concerted drive to reduce the level of fraud have been strengthened by signs that France intends also to make it a central issue during its presidency of the EU.

The Paris government, which takes over the presidency next month, intends to ask the commission to draw up an inventory of all breaches of existing EU laws and to attach to all future draft EU legislation clauses specifying the sanctions to be used for breaking it.

The intention is to ensure the even and proper enforcement of EU laws.

Mr Alain Lamassoure, French EU affairs minister, said that investigations into the same fraud covering several states had shown that some countries were very strict while others showed complicity towards fraudsters.

Companies operating in stricter states were placed at a competitive disadvantage.

Despite his broad welcome for the French initiative, however, Mr Major is likely to be cautious about the possibility that the union-wide action proposed by Mr Lamassoure might reduce national powers to decide punishments.

The intention is to ensure the even and proper enforcement of EU laws.

On Monday.

The ideas, including increased wage flexibility, more mobile labour forces, more training, lower indirect labour costs and restructured social benefit systems, and special measures for the long-term jobless all stemmed from the UK, London officials claimed.

Benchmarking is a technique in which a manufacturer or service provider examines globally available products, identifies the best according to a wide range of cost and performance criteria, and adapts its own methods to compete.

Any suggestion that an outside group be allowed such influence over the formulation of legislation is certain to rouse resistance, not least in Germany. Britain, meanwhile, appeared eager yesterday to establish a team which would be invited to scrutinise draft legislation and offer advice on the basis of its potential impact on business.

However, the lack of any fundamental disagreement among the governments of the twelve that European competitiveness is failing, suggests that some sort of international benchmarking group will be established.

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By Michael

US expected to request 'fast-track' negotiating powers from Congress

Nafta aims for swift Chilean entry

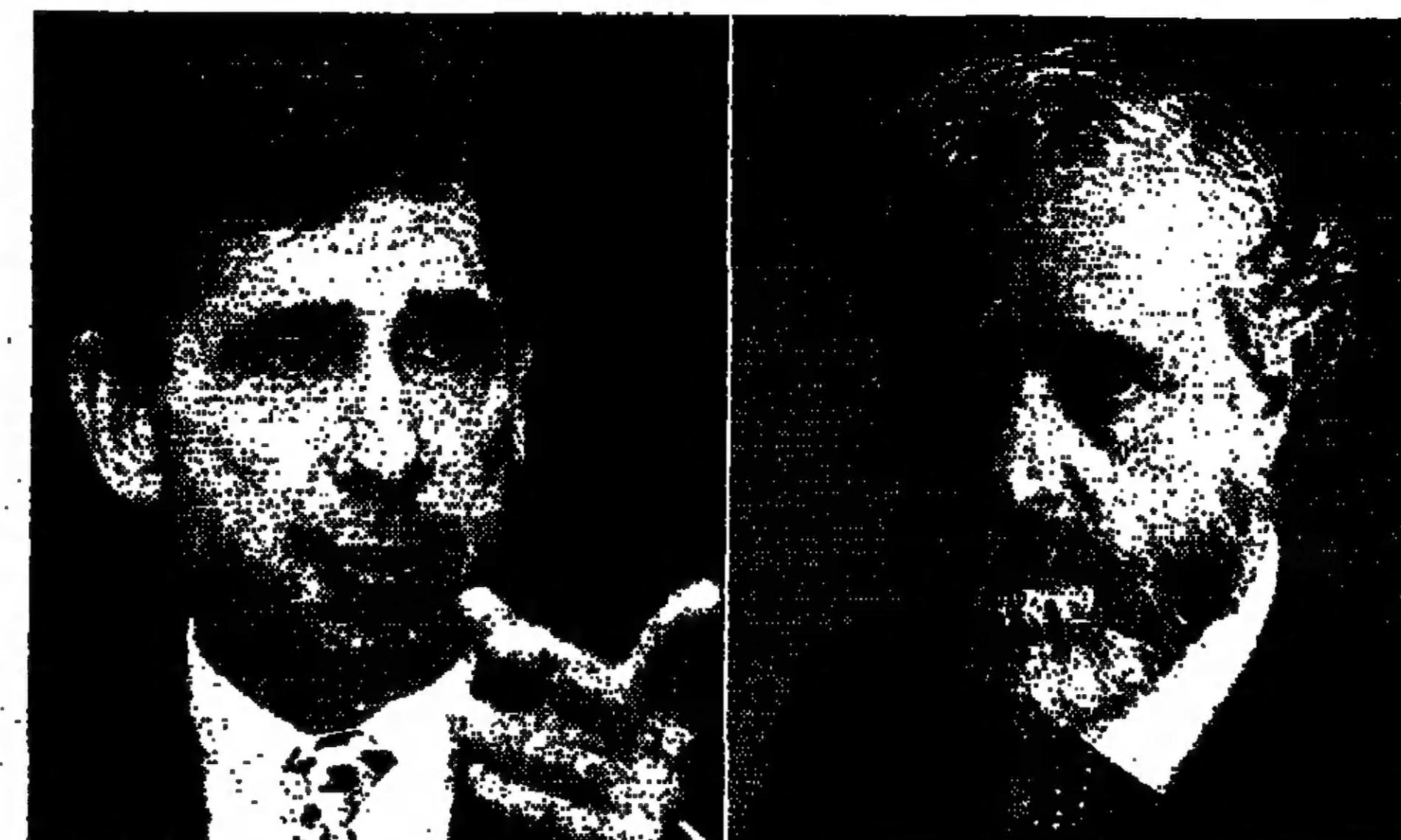
By Stephen Fidler and
George Graham in Miami

Leaders of the US, Canada and Mexico will announce tomorrow an immediate start to work on bringing Chile into the North American Free Trade Agreement.

The announcement will be made at a press conference following the conclusion of the Summit of the Americas in Miami tomorrow, at which the Chile's President Eduardo Frei will also be present.

Five working groups of trade experts from the four nations will be established to examine Chile's readiness to join Nafta. The first meeting of specialists from the three current member states will meet before Christmas to discuss the broad principles to cover Chile's incorporation into the accord.

In the next step, the US administration is expected in the spring to introduce a trade bill into Congress that would grant it "fast track" negotiating powers. It is not yet clear whether the administration will request fast track only for Chile, or attempt to secure broader fast track authority.



Mickey Kantor, US trade representative (left) and Chilean finance minister Eduardo Aninat, who are at the Summit of the Americas in Miami this week

Aninat

Fast track avoids line-by-line scrutiny by Congress of trade accords negotiated by the administration, restricting the legislature to a vote for the agreements on a take-it-or-leave-it basis.

The tentative timetable would be for the agreement to be negotiated in time to present it to the US Congress by next October and to be ratified before the year's end. This would avoid the accord becoming embroiled in the 1996 presidential election campaign.

The technical aspects of the negotiation are, for the most part, not expected to be difficult. In many respects - intellectual property protection, for example - Chilean legislation offers higher standards than in some existing Nafta members. Chile has indicated its willingness to sign on to labour and environment "side accords" that accompanied Nafta, though not all the issues negotiated with Mexico - for example, those relating to the Mexico-US border - will be relevant.

The working groups - there were 10 in the case of Mexico and a maximum of five for

Chile - will cover issues such as market access measures, trade remedies such as subsidies and anti-dumping rules, agriculture and dispute settlement. A broad commitment to leaving the existing Nafta treaty unchanged is expected to emerge, although some areas may need minor alterations.

The plans to expand Nafta and the establishment at the summit of 2005 as the year to complete negotiations on a free trade accord covering all of the Americas were expected to underpin the success of the summit.

The summit will also agree to follow-up meetings by the hemisphere's trade ministers next June and in the following March.

Orange County starts action against banks

By Richard Waters
in New York

intended to prevent its investment losses from being realised.

Orange County, the besieged southern California district facing \$1.5bn (£958m) of investment losses, formally started legal action yesterday against several Wall Street investment banks.

The move came as a new team took up the task of sorting out the county's finances, which were cast into chaos by the losses and a decision to file for bankruptcy on Tuesday.

Mr Thomas Hayes, a former auditor general of California and a close associate of Mr Pete Wilson, the state's governor, was appointed late on Thursday to lead the restructuring of the county's troubled investment portfolio. The aim is to cut the actual losses borne by the prosperous area's taxpayers.

The county also named Salomon Brothers, one of a small number of US investment banks not to have had dealings with the investment fund, as an adviser.

The decision to take legal action, reached after a meeting of the county's board of supervisors on Thursday evening, will pit the county against several leading Wall Street houses, among them Merrill Lynch, Morgan Stanley, Smith Barney and Prudential Securities.

In the days since the bankruptcy filing, the firms have sold securities they held as collateral for loans made to the county. The county has argued that the filing put a legal block on the firms selling the securities, a move which was

Clinton plans welfare meeting

By Nancy Dunne
in Washington

President Bill Clinton, racing to get ahead of Congressional Republicans, will convene a closed White House meeting of governors and mayors early next month to develop plans for addressing the nation's "broken welfare system".

Mr Clinton said the current welfare system "is a bad deal for the taxpayers who pay the bills and for the families who are trapped in it".

Welfare reform is considered one issue Republicans and Democrats can tackle together.

After meeting Mr Clinton, Governor Howard Dean, a Vermont Democrat who heads the governors' association, said: "There's real potential for some good bipartisan co-operation on welfare reform."

Mr Clinton has been talking about welfare reform since his presidential campaign, but the money has not been found to pay for job retraining and education programmes which the Administration wanted. Higher priority was given to health insurance reform. After 17 months of internal debate, the Administration finally introduced a welfare proposal, but it came too late this year for Congressional action.

House Republicans are expected to propose abolition of over 100 federal social programmes providing cash, food, programmes, job training, child care, foster homes and other services. The \$30bn of programme funds would be cut 20 per cent and the remainder handed over to the states to finance their own programmes.

Tougher stance on money laundering

By George Graham in Miami

Leaders from the Americas and the Caribbean are expected to agree on tougher measures to combat money laundering at their summit in Miami this weekend.

Final drafts for a declaration of principles due to be issued by the 34 leaders tomorrow call for a co-ordinated strategy to combat drug trafficking in the hemisphere and to tackle the laundering of money

from other activities, including tax evasion.

"While drug trafficking continues to be a significant source of illegal funds, the money laundering industry increasingly deals with the proceeds of all types of criminal activity. An integrated and balanced approach that includes respect for national sovereignty is essential to confront all aspects of these problems," the draft says.

US officials said the inclusion of

non-drug offences will vastly widen the net of regulations to combat money laundering.

It could also have implications for fair trade, by making it more difficult for companies to obtain an unfair competitive advantage by concealing their revenues from tax inspectors.

The leaders will agree to order a conference of working level officials on money laundering, to be followed up by a ministerial conference which may consider establishing an

inter-convention on money laundering.

The money laundering plank of the draft declaration has been strongly pushed by Colombia, which has often been the butt of other countries' complaints because of its huge cocaine cartels.

But the issue has created friction with some Caribbean countries, as well as the US and Canada, because of fears that new inter-American rules could conflict with national bank secrecy laws.

INTERNATIONAL NEWS DIGEST

Chechnya talks due on Monday

Talks between Russian and Chechen officials are scheduled for Monday at Vladikavkaz, near the border of Chechnya, the breakaway Russian republic. The Russian side, led by Mr Vyacheslav Mikhailov, is also to meet representatives of the opposition groups fighting the Chechen rebel regime of General Dzhokhar Dudayev. However, in Moscow, Russian President Boris Yeltsin ordered his government to use "all measures available to the state" to disarm opposing forces in the republic.

In Chechnya, the main opposition group, the Provisional Council, said it would put its forces on a war footing from Monday - a move which seemed designed to put pressure on the Russian forces massed on the border to enter Chechnya. At the same time, the reformist groups Yabliko and Russia's Choice appealed to the president not to use force - saying that the move could turn Russia into a police state. "You would lose the support of millions of Russian citizens who have set as their goal the peaceful democratic development of Russia," they said. *John Lloyd, Moscow*

Elliott committed for trial

Mr John Elliott, the Melbourne-based businessman and former president of the Liberal party, was yesterday committed for trial on charges of theft and conspiracy. Three other former executives at his Elders XKL brewing and agribusiness group, one of Australia's most prominent companies in the late-1980s, were also ordered to stand trial.

The ruling by Melbourne magistrate Graeme Hicks that the matter should go to trial follows four months of committal hearings, during which the prosecution alleged that the individuals had been involved in sham foreign exchange transactions totalling A\$65.5m (£35m). The purpose of these transactions, it was claimed, was to transfer money from Elders to companies connected to Mr Allan Hawkins, the now-jailed New Zealand businessman.

The prosecution relied in large part on the testimony of Mr Ken Jarrett, another former Elders executive, who was originally charged alongside Mr Elliott but subsequently pleaded guilty to a lesser charge and agreed to give evidence against his former boss. Mr Hicks, in his ruling, acknowledged Mr Jarrett was a self-confessed perjurer and had a motive for minimising involvement in the sham. However, he also said Mr Jarrett did not appear to be a manipulative and cunning liar, but a reliable and honest witness. *Nikki Tait, Sydney*

Finland raises interest rates

Finland's central bank surprised financial markets yesterday by raising official interest rates for the first time in two years to damp rising inflation expectations and cost pressures which it said threatened price stability.

The move, lifting its "tender" rate for short-term money market lending to 5.5 per cent from 5.0 per cent, came despite historically low inflation rates in Finland. Year-on-year inflation is running at 1.9 per cent after a deep recession which shrank the economy by 1.6 per cent and pushed unemployment to almost 20 per cent of the workforce. But the central bank is worried that a surge back to strong economic growth - gross national product is expected to rise by more than five per cent in 1995 - could trigger renewed inflation growth through wage claims and capacity shortages. "We wish to react to this sooner rather than later," a bank spokesman said. *Hugh Corrigan, Stockholm*

Chissano sworn in again

Mr Joaquim Chissano, Mozambique's president since 1986, was sworn in for a new five-year term yesterday with a pledge that peace would last in the war-weary southern African country. This spectre of war has been removed. Peace has come to stay, he told a crowd of thousands in Maputo's Independence Square, among them his former civil war rival Mr Afonso Dhlakama, leader of the main opposition Renamo party.

Mr Chissano also made a plea for reconciliation. "This is a time for us to continue healing all our wounds and overcome distrust. We must know how to begin a new relationship, without preconceptions and without rancour. We must bury forever our hatreds and renounce vindictiveness once and for all," he said. "Let us forgive the wrongs of the past."

At Thursday's formal opening of parliament, Mr Chissano said the 16-year war between his ruling Frelimo party and the former rebel Renamo was over and now was the time for fruitful dialogue. But soon after his conciliatory remarks, Renamo walked out of the sitting in protest at the procedure for electing the parliamentary chairman. *Reuters, Maputo*

US to cut weapons funding by \$7.7bn

By Bernard Gray,
Defence Correspondent

Mr William Perry, US defence secretary, yesterday announced substantial cuts in several big weapons systems under development in the US. The move will save \$7.7bn (£4.5bn) over five years, although Mr Perry said the cuts would have been \$20bn if President Bill Clinton had not recently increased overall military funding by \$25bn.

The most significant casualty is the Tri-Service Stand-Off Attack Missile, which has been cancelled. TSSAM was being developed by Northrop Grumman and was to have produced the next generation of ground-hugging cruise missiles which incorporate radar-avoiding stealth technology.

The Boeing Bell Comanche scout helicopter for the US army also took a direct hit. Two prototypes of the Comanche will be built, but there are no funds in the budget for its production.

Other programmes were also affected. The number of Aegis cruiser ship radar systems will be cut from 18 to 16, the third New Generation hunter-killer attack submarine is being put back by a year, and funding for the F-22 stealth fighter programme is being trimmed slightly in 1996. However, these cuts do not threaten any of the projects and represent only a small setback for the companies involved. The air force and Lockheed had seen securing funding for the \$71bn F-22 programme as a priority.

Several programmes were unaffected by the cuts. The V-22 Osprey tilt-rotor - a cross between a helicopter and a turbo-prop aircraft - will continue.

The Osprey had won strong congressional backing and was the most important new system wanted for transporting marine corps troops to battle zones.

A new army battlefield artillery system and the Joint-Services Primary Aircraft Trainer system (JPATS) also emerged unscathed.

The cuts follow a leaked memo from Mr John Deutch, deputy defence secretary, earlier this year which questioned the cost of the 10 most expensive equipment development programmes.

The Pentagon has decided to put more resources into keeping its current forces at a high state of readiness, rather than spending on modernisation.

Only the increased funding provided by Mr Clinton prevented several more high-profile programmes being axed, provoking suggestions that the administration was unwilling to see defence industry cuts on the scale which would have been required.

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NEWS: INTERNATIONAL

Credit unions pushed close to bankruptcy by lending to troubled property group

Ailing Japanese banks thrown lifeline

By Michiyo Nakamoto in Tokyo

The Bank of Japan moved yesterday to save two ailing credit unions, in the first publicly backed bank rescue since before the second world war.

A new bank is to be set up to absorb the assets and liabilities of the Tokyo Kyowa and Anzen credit unions, which are on the brink of bankruptcy. The two institutions have total non-performing loans of about Y100bn (2857m), accumulated mainly through lending to EIE Inter-

national, a troubled property group.

The central bank will become the largest shareholder in the new institution, providing half its Y40bn capital. The remainder is to come from the private sector - including commercial, trust, regional, and long-term credit banks.

The plan marks a shift from recent Japanese financial rescue, in which big private banks have been encouraged to take on ailing counterparts.

It is also a reminder of the deep

wounds left on Japan's financial system by the bursting of the "bubble economy," triggered by the asset price inflation and speculative investments of the late 1980s from which the country is only just recovering.

The move is the first publicly backed bank rescue since 1927 and the first time the Bank of Japan has extended funds to any financial institution since 1955, when it helped rescue Yamateki Securities.

The central bank stepped in over the credit unions after concluding that it would be difficult for them to

attempt reconstruction on their own or find financial institutions prepared to absorb them.

Mr Yasushi Mieno, central bank governor, said that although the problem of bad debts had peaked, "there are still a number of small and medium-sized financial institutions that need help, and not extending support could lead to instability of the Japanese financial system".

He and Mr Masayoshi Takemura, finance minister, said the rescue plan was an emergency measure which did

not reflect a change in the government's policy of not using public funds to bail out financial groups. There were no plans to use the new bank to rescue other institutions.

The bank, which could begin operating as early as February, will manage deposit, loan and other banking operations. Non-performing loans will be transferred to another body that will receive financial support from the Tokyo metropolitan government, which has jurisdiction over credit unions.

Survey shows recovery is gathering pace

By William Dawkins in Tokyo

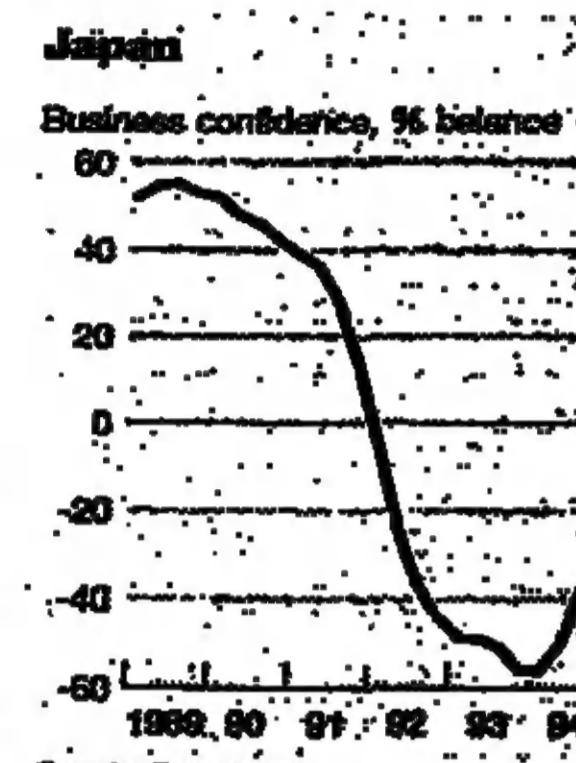
Japan's economic recovery is gradually gathering impetus, although weak capital investment suggests the upturn will continue to be slow, according to the Bank of Japan's latest quarterly survey.

The bank's index of business confidence showed that the balance between manufacturing companies reporting poor or good conditions improved to -29 in November, from -39 in the previous survey in August. The index, covering nearly 10,000 companies, is Japan's most authoritative measure of the short-term economic outlook and guides the central bank's monetary policy.

According to the survey, big companies plan to cut capital spending by 3.9 per cent this year, slightly more than they were forecasting in August, although less steep than last year's 11.3 per cent fall in investment.

Corporate investment caution reflects the weak sales outlook, with turnover forecast to rise by a mere 0.8 per cent this year, after a 5.8 per cent fall in 1993.

Excess employment is still a problem, with a balance of 32 reporting that their payrolls are too large. However, manufacturing employment is



declining at 2.5 per cent annually, according to the latest labour ministry report, suggesting this problem might soon start to diminish.

Manufacturers told the central bank that profits would rise by 24 per cent in the year to the end of next March, better than the 16.1 per cent increase they were expecting in August.

Service companies, dragged down by the financial sector, have revised their expected profits decline to 1.8 per cent, from 5.1 per cent in the last survey says.

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Service companies, dragged

Officials break with tradition to reassure financial system



Yasushi Mieno: BoJ governor has good reason to act swiftly *Terry Fox*

central bank simply co-ordinating the rescue.

This new lifeboat reduces the likelihood that commercial banks will be cajoled by the finance ministry, as in the past, into taking over their weaker counterparts, although they will be asked to contribute to the rescue. It was, on balance, a "positive sign," a senior commercial banker said.

Ms Alicia Ogawa, equity analyst at Salomon Brothers Asia, said the lifeboat might speed up a reduction in the number of small loss-making banks, thereby freeing market share

for the financially secure commercial banks. This would be welcomed by the bigger institutions, as the domestic market is shrinking; total loan volumes have declined by 1 per cent so far this year, according to the BoJ.

However, it was unclear whether the lifeboat would be enlarged to take on bigger potential threats to financial stability, such as the seven housing loan corporations whose bad debts stand at an estimated Y600bn. Mr Masayoshi Takemura, finance minister, said he believed the rescue was on offer only to the two credit unions.

The credit unions suffered from a combined Y100bn of bad loans to EIE International, an aggressive property developer hit by the slide in property prices which led to its five main banks halting lending last year. Mr Haruhiko Takemoto, EIE's president, is also the head of Tokyo Kyowa, and the management of both unions are resigning.

The amounts at stake are small in comparison with the property related bankruptcies to have hit builders and developers, such as Muramoto Construction, which last year collapsed with Y50bn of debts.

And yet Mr Mieno had good reason to act swiftly before he hands over next Friday to his successor, Mr Yasuo Matsushita, who would be constrained

to take on the responsibility of the remaining two credit unions.

The cost of local credit unions' funds remains high, while their big competitors are exploring ever cheaper sources of capital. The deregulation of interest rates on deposits, completed two months ago, has also increased competition for customers' cash.

Some have responded with costly marketing gimmicks to the finance ministry's anxiety.

John Hanjin Bank, the largest credit association, last month started a new trend by offering savers cash prizes. Others have started to raise deposit rates, confident the government will not allow them to collapse.

Yesterday's announcement shows the authorities are ready to take a tough line with those who go astray.

Thai coalition near collapse as party quits

By William Barnes in Bangkok

Thailand's coalition government was near collapse yesterday after a split over local administration prompted the abrupt departure of its second largest member, the New Aspiration party led by the interior minister.

Mr Chuan Leekpai, the prime minister, who now controls only 141 of the 380 seats in the lower house of parliament, must persuade one of the right-wing opposition parties to join the government or call a general election.

There are fears the break-up of what is probably Thailand's least corrupt elected government in recent history could dilute the vital but unspectacular efforts to revamp the country's mediocre education system and boost the incomes of the rural poor, which have been the hallmarks of its two years in office.

Mr Chavalit Yongchayudh, the interior minister and former army chief, pulled his party's 51 MPs out of the coalition after helping to defeat a government move to have village headmen elected. He sought to find favour with powerful bureaucrats who can deliver many rural votes at the next election.

The credit associations and credit unions are a specialised relic of the fragmented traditional banking sector, now facing tougher competition from the big city banks. They were intended to lend to consumers and small businesses, to leave larger players free to channel capital to industry. But in today's less regulated banking market, Ms Ogawa believes, they are no longer economically viable.

They have missed out on the economies of scale and technology achieved by larger competitors, while lending is limited by law to individuals and small businesses. As a result, the 612 credit associations and unions had a mere 11.2 per cent of private sector loans by the end of last March.

This may explain why Tokyo Kyowa and Anzen were tempted, in apparent disregard of official guidelines, to stray beyond their usual markets into property lending.

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Projections made on the basis of early results indicated Congress was set to lose control of Andhra Pradesh, the home state of Mr Narsimha Rao, the prime minister, and in two more of the four states which have held elections in the past six weeks. The count started yesterday.

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Ailing Japanese banks thrown lifeline

By Michiyo Nakamoto in Tokyo

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The bank, which could begin operating as early as February, will manage deposit, loan and other banking operations. Non-performing loans will be transferred to another body that will receive financial support from the Tokyo metropolitan government, which has jurisdiction over credit unions.

This leaves him vulnerable to a no-confidence vote, which could occur during an emergency session even though parliament goes into recess for four months on December 21.

If the government is unable to accommodate the demands of the two big opposition parties, parliament will probably be dissolved early in the new year, dashing hopes that Mr Chuan's coalition could be the first to survive a full four-year term. General elections would be held in April or May.

The opposition had no hesitation in helping to humiliate the government, even though they originally proposed the election of local government officials.

"I think Chuan has the fight of his political life now," said Mr Amanay Wirawan, who recently stepped down as a deputy prime minister to form a new party.

This is an awkward time for the Democrat party to fight an election as it has seen its relatively clean image tainted by scandal. The party's deputy agriculture minister, Mr Suhen Thaugsuban, resigned his cabinet post on Tuesday following allegations that he helped transfer land to rich friends on the holiday island of Phuket.

However, few people expect to see the military step into the political arena after its chastening experience in 1992, when Mr Chuan's coalition swept into power on a wave of opposition to the violent suppression of pro-democracy protests.

Rao party faces state poll defeat

By Stefan Wagstyl
in New Delhi

The early results are a setback to Mr Rao, who earlier said the elections were an acid test for Congress and its policies, including economic reform.

The likely defeats in the two largest of the four states - Andhra Pradesh and Karnataka, both in the south - are a particular blow to Mr Rao, the only southerner among the top party leaders. The results could herald a disruptive bout of squabbling among party chiefs but are not expected to threaten the stability of Mr Rao's government.

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JOHN LEWIS

PC-based share dealing system to be tested

By James Buxton

A pilot project is to be launched early next year for an electronic share dealing system which enables anyone equipped with a personal computer and a modem to buy and sell shares.

Electronic Share Interchange hopes to go live by the middle of the year and create a UK-wide share dealing market which will specialize in trading in small companies and the flotation of new ones.

Electronic Share Information, the Cambridge company which is developing the system, believes that using computer technology can dramatically reduce the cost of dealing in shares, enable more companies to raise money by issuing equities and attract more individual investors.

The new market would not involve stockbrokers or other intermediaries, and companies coming to it would not need to be sponsored by a stockbroker.

ESI would compete with the London Stock Exchange - in particular with AIM, the alternative investment market that the exchange hopes to launch next year to replace the Unlisted Securities Market.

This week the company received an indication from the Securities and Investment Board, the City's chief watchdog, that although it was proposing a market without intermediaries, it would not be impossible for SIB to approve it as a recognised investment exchange. ESI has not yet made a formal application.

ESI believes it could have a similar impact on share trading that

Direct Line, the telephone-based insurance company, had on the selling of motor insurance.

Settlement of payment for transactions would be electronic and payments transferred in seven seconds using the services of a clearing bank.

ESI is talking to Bank of Scotland about the provision of services for the pilot project, which is expected to start in February or March at the business school of Glasgow Caledonian University. Lecturers and students will trade in fictitious companies and respond to "news" and financial information about them.

ESI has been devised by a group of electronics specialists. The chairman is Mr Hermann Hauser, a founder of Acorn, the computer company which now belongs to Olivetti. The technical

director is Mr Jack Lang, a computer specialist and entrepreneur. Software has been developed by TCAM Systems of Edinburgh.

ESI would locate its computer operations in Scotland. It sees an initiative on business start-ups as a promising base for trading in regional shares.

The system is aimed at individual investors rather than institutions. Investors would pay £100 for computer software and a £15 a month subscription. They would buy shares by logging on via a modem, passing security procedures and striking a deal to buy packets of shares at a price quoted on ESI's public order board. The bank would immediately transfer payment from the account of the buyer to that of the seller.

If a user wanted a better price than that offered on the board he would enter an offer anonymously. ESI would levy a charge of 0.1 per cent on each transaction on ESI stocks, with a minimum of £5. The low charges would enable bargains of as little as £200 to be struck.

ESI's users could buy London-listed shares, routed through a broker. The system would list existing quoted companies and encourage new ones with a turnover range between £1m and £20m. New entrants would not require a trading record, and sponsorship by a broker or other intermediary would be optional.

They would, however, have to publish a prospectus, with directors legally responsible for its accuracy, and publish price-sensitive information.

Quarterly trading results would be expected. ESI would make available as much information as possible about companies and their industrial sectors.

Mr Lang believes the availability of accurate information is often more important to individual investors than the sponsorship of intermediaries in making investment decisions. He accepts that sponsorship is important to institutions. A possible flaw is that if institutions do not invest, it may discourage individuals from joining.

ESI aroused considerable interest at a presentation in Glasgow this week. One banker said he saw it more as a way of encouraging more people to dabble in investing in shares than in helping companies raise money.

Invalidity benefit to be replaced

The government announced yesterday that it expects to claw back nearly £2bn in social security spending in the next three years by replacing invalidity benefit with an incapacity benefit from April next year. James Eliza and David Owen write.

Amid growing controversy about social security reforms, Mr William Hague, the minister for the disabled, revealed yesterday that savings from the benefit would grow dramatically in its first years.

The savings will largely come from tougher medical tests and a reduction in the number of people eligible for support.

Mr Hague announced in a parliamentary written answer that the tests would save £210m in 1995-96. But this would rise to £700m in 1997-98 and £1bn in 1999-2000.

Mr Donald Dewar, shadow social security secretary, attacked the change, saying it would force 90,000 "into the dole queue" in its first year and 180,000 in its second.

Samsung complex receives more aid

Public-sector assistance for the electronics complex that Samsung, the Korean industrial group, is to develop at Wynyard, Cleveland, has increased, according to figures released yesterday by Mr Michael Heseltine, the trade and industry secretary.

Infrastructure spending on the site by the government-sponsored agency English Partnerships is expected to exceed £13m. Support from Cleveland local authorities, Teesside Training and Enterprise Council and Teesside Development Corporation is estimated to be worth £1.6m over six years.

When the project - the biggest Korean investment in western Europe - was announced in October English Partnerships' input was put at £9m, and the package from Cleveland bodies at just less than £12m. The new figures come from the Northern Development Company, the regeneration body for north-east England and Cumbria.

Gerrymandering charges 'still hold'

Nothing about the strength and nature of the charges of gerrymandering brought against 10 current and former Westminster councillors and officials has changed, the inquiry into the case was told yesterday.

In the first of the closing submissions to the inquiry Mr Andrew Arden, acting for the group of residents who first aired the gerrymandering allegations, said nothing the accused had said or argued at the seven-week public inquiry would get them off the hook.

The district auditor, Mr John Magill, had accused the 10 of wasting £21.25m by selling homes at a discount to draw likely Tory voters into marginal wards.

The inquiry was adjourned until Tuesday.

Construction output falters

Construction output in the third quarter of this year faltered for the first time in three consecutive quarters but remained higher than a year ago, figures published yesterday by the Department of the Environment show.

Contractors believe the decline occurred because recent improvements in orders for new work had not yet fed through into output figures.

Price rises of between 5 per cent and 7 per cent for a range of building materials are expected early next year.

The total volume of output in constant 1990 prices fell 1 per cent in the three months to the end of September compared with the previous quarter, but was 2 per cent higher than the same period last year.

CBI chief urges independent Bank

The chancellor's decision this week to raise base rates reinforced the need for a fully-independent Bank of England, Mr Howard Davies, director-general of the Confederation of British Industry, said yesterday.

Mr Davies noted the statement on Thursday by Mr Eddie George, the Bank governor, that politics had been irrelevant in his recommendation of the rate increase but added: "It looks as though companies are being made to pay for a lack of political management."

Sinn Féin comes in from the cold

By John Murray Brown

It was a detail a newcomer to Northern Ireland would probably have missed - a flash of blue round the neck of a woman talking to a policeman outside the gates of Stormont Castle.

"Look at that. She's wearing a Rangers scarf. That's unashamed bigotry that is," the driver remarked as his cab reached the end of the mile-long drive to Stormont.

For the Catholic from the Short Strand road in Belfast the scarf of Glasgow Rangers football club was as much a symbol of Protestant supremacy as the imposing neoclassical facade of Stormont Castle, once the home of the Northern Ireland parliament, hated by republicans.

On a bright, bitterly cold day Sinn Féin, the IRA's political wing, came to start the first public meeting with British officials in 25 years at Stormont - from where unionists ran the province for more than 70 years until direct rule from London started in 1972.

Security was low-key. Nine years ago there were 1,800 policemen on duty when British and Republic of Ireland ministers met at the height of loyalist opposition to the Anglo-Irish agreement. Yesterday there were 16 constables, three sergeants, one superintendent and one chief superintendent.

Sinn Féin arrived in a bullet-proof blue Ford Granada and a black London-type taxi. After briefly posing for photographs they entered the swing doors to the left wing of the building to be greeted by Mr Quentin Thomas, head of the five-strong government delegation.

Yes, said one government official, there had been a handshake. "It's no big deal, though it probably will be tomorrow," he added, anticipating unionist reaction.



Sinn Féin's delegation posing for photographs before entering Stormont yesterday (from left): Sean MacManus, Siobhan O'Hanlon, Martin McGuinness, Lucinda Bhreathnach and Gerry Kelly

Former Gulf Group chairman remanded

By John Mason, Law Courts Correspondent

Mr Abbas Gokal, former chairman of the Gulf Group shipping empire, was remanded in custody by City of London magistrates yesterday after UK authorities investigating the collapsed Bank of Credit and Commerce International charged him with six offences of fraud.

Mr Gokal was extradited from Frankfurt on Thursday after a request from the government on behalf of the Serious Fraud Office. He was arrested by German police in July.

He was escorted to the UK by City of London police and formally charged on two counts of conspiracy to

defraud, one of conspiracy to account falsely and three of false accounting.

The charge of conspiracy to defraud alleges that Mr Gokal conspired with his brothers Mustafa and Murtaza Gokal, Mr Agha Hasan Abedi, the former BCCI chairman, Mr Swaleh Naqvi, the bank's former chief executive, and others to defraud BCCI investors and shareholders between 1988 and 1991.

It is alleged that this was done by Mr Gokal and others concealing the true nature of the relationship between BCCI and Gulf Group, creating companies to fraudulently receive funds from BCCI, creating documents to facilitate fraudulent transactions, falsely procuring the signatures of Gulf Group

employees, preventing the BCCI auditors doing their job properly and arranging false payments into the Gulf Group accounts to give the impression that its loan exposure had been reduced.

The conspiracy to account falsely charge alleges that between 1988 and 1991 Mr Gokal, conspired with Mr Abedi, Mr Naqvi and others to falsify documents relating to Gulf Group and obtaining signatures by deception.

The three false accounting charges allege that in 1988 Mr Gokal falsified letters of instruction which suggested that three money transfers totalling \$3.5m were bona fide.

Mr Gokal was remanded in custody until December 13.

Businessman acquitted only to be arrested

By John Mason

Mr Malcolm Johnson, an Australian business and mining consultant, was yesterday cleared of stealing about £1m from Energy Capital, an oil and gas exploration company, to support the company's 25.5m rights issue in 1988.

After his acquittal at the Old Bailey, however, Mr Johnson was immediately arrested and served with an extradition warrant on behalf of the Australian authorities.

The Australians want to know about his involvement with an Australian company's purchase of oil

interests in the US Burbank field. Mr Johnson, from Kitzbuhel, Austria, spent last night in custody and expected to appear before Bow Street magistrates today to apply for bail.

The prosecution at the Old Bailey alleged that Mr Johnson stole £1m from Energy Capital - later renamed Clarenceon UK - to support the sub-underwriting of its rights issue.

The money was used as security for a loan by a Swiss Bank to companies controlled by Mr Johnson and acting as sub-underwriters, the jury was told.

The defence said he had no involvement in the money transfers. He was acquitted of two charges of theft.

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Invalid
benefit
to be
replaced

£440m link will boost exports

Eggar gives go-ahead to gas pipeline

By Robert Corrigan

A £440m pipeline linking Britain with the European natural gas grid received the go-ahead yesterday, paving the way for large-scale gas exports from the UK by the end of the decade.

Nine companies, led by British Gas, agreed to fund the pipeline, known as the interconnector, which will run from Bacton on the East Anglian coast to Zeebrugge in Belgium, one of the hubs of the Continental gas grid.

Mr Tim Eggar, industry and energy minister, yesterday said the pipeline "will be of great strategic benefit to the UK and the rest of Europe".

He predicted that the interconnector would "give an important stimulus" to attempts to open up access to monopoly gas pipelines on the Continent.

Liberation of the Continental gas market has lagged well behind the reforms taking place in Britain.

British Gas yesterday said the interconnector should open up new opportunities for the company in Europe. The company, which has substantial gas reserves in the North Sea and off the west coast of Britain, expects that a surplus of gas might develop later in the decade.

A planning application for the pipeline will be submitted early next year, in time for construction to begin in the spring of 1996. The pipeline is likely to be completed in the

autumn of 1998. It will carry 20bn cubic metres of gas annually.

Officials close to the project believe the flow of UK gas to Europe will last for between 10 and 15 years. The likely depletion of British reserves after that could then result in a reversal of the flow, officials say.

Gazprom, the Russian company which is the dominant exporter of gas to western Europe, has a 10 per cent stake in the project, even though the prospect of exporting gas to the UK is some way off.

The construction of the pipeline will also open up the possibility of Norwegian gas exports to the Continent being routed through the British gas grid. The Frigg has currently runs from Norway to Scotland.

Such a development may, however, necessitate considerable expansion of British Gas's national, high-pressure transmission system. Officials at Transco, British Gas's pipeline subsidiary, have estimated that hundreds of millions of pounds may have to be spent on the grid to cope with the additional flows of gas.

The companies participating in the scheme include Amerada Hess of the US, British Gas, British Petroleum and its Norwegian partner Statoil, Norsk Hydro, Conoco of the US, Belgium's Distribraz, Elf of France, Ruhrgas of Germany and Gazprom of Russia.



London's West End yesterday: stores groups fear the rate rise could damage consumer confidence

Truck sales up 50% this year

By John Griffiths

Recovery in the UK truck market is proving stronger than expected with demand running at an annual rate 50 per cent higher than at the end of last year, according to industry estimates.

Sales and orders are running at an annualised 50,000 for trucks over 3.5 tonnes, compared with 33,000 this time last year, according to truck market leader IVECO-Ford and second-placed Leyland DAF Trucks.

Their estimates are supported by statistics from the Society of Motor Manufacturers and Traders which show strong rises last month in light commercial vehicles as well as truck registrations.

Complied with SMMT figures published earlier this week showing another rise in business car purchases, the statistics provide evidence of

increasing economic activity while leaving the motor industry to seek other explanations for a slump in new car purchases by private motorists.

According to SMMT statistics new registrations of trucks over 3.5 tonnes jumped 43.7 per cent in November, to 4,906 compared with 3,414 in the same month a year ago.

They lifted registrations for this year's first 11 months to 41,473, representing a year-on-year rise of 23 per cent, and put the industry on course for total sales this year of about 45,000 units. This compares with 36,350 last year and 31,358 in 1992.

Both IVECO-Ford and Leyland DAF indicated that truck sales could reach 50,000 next year.

At 19,824, total registrations of all types of commercial vehicle last month were 17.1 per cent higher than in the previous November.

UK COMMERCIAL VEHICLE REGISTRATIONS JANUARY-NOVEMBER 1994

	Volume (Units)	Volume Change (%)	Share (%)	Share (%)
Total Market* Imports	215,364 63,640	+15.8 +21.1	100.0 43.5	100.0 41.5
Small vans (up to 1.8 tonnes)				
Total Imports	84,555	+15.9	100.0	100.0
Ford	25,334	+27.5	30.2	38.6
Vauxhall (General Motors)	29,212	+21.3	45.3	44.4
Renault	18,519	+11.7	28.7	30.5
PSA Peugeot Citroen	4,416	+35.0	6.8	6.0
Rover (BMW)	3,803	+12.1	5.9	6.2
	2,405	-16.2	3.7	5.3
Medium vans & pick-ups (1.81-3.5 tonnes)				
Total Imports	53,956	+12.8	100.0	100.0
Ford	35,620	+12.7	32.0	39.1
LDV	43,832	+7.2	46.6	49.1
Mercedes-Benz (Daimler-Benz)	11,076	+23.4	11.5	10.8
Volkswagen	7,797	+48.2	6.3	6.8
Renault	5,079	+11.4	5.4	5.5
Nissan	3,940	+13.9	4.2	4.2
Vauxhall (GM)	3,734	+11.9	4.0	4.5
PSA Peugeot Citroen	3,594	-15.4	3.8	5.1
Toyota	3,516	+3.3	3.7	4.1
Trucks (over 3.5 tonnes)				
Total Imports	61,473	+20.0	100.0	100.0
IVECO-Ford (Fiat)	24,305	+42.9	51.6	50.4
Leyland DAF (DAF Trucks)	9,113	+11.2	22.0	24.3
Mercedes-Benz (Daimler-Benz)	7,303	+20.2	16.1	16.5
Volvo	6,655	+25.1	15.0	17.7
Scania (Volvo)	3,559	+22.3	8.8	8.0
MAN	2,553	+28.8	6.2	5.0
ERF	2,335	+28.6	5.6	5.3
Renault	1,640	+45.9	4.0	3.4
Of which Heavy Trucks (over 15 tonnes)				
Total Volvo	25,917	+30.0	100.0	100.0
Leyland DAF (DAF Trucks)	3,841	+43.8	15.4	13.7
Scania (Volvo)	3,559	+22.3	14.2	14.0
Mercedes-Benz (Daimler-Benz)	3,061	+28.9	12.2	12.3
ERF	2,335	+28.6	9.5	12.0
MAN	1,472	+13.5	5.9	8.7
Renault	975	+94.4	3.9	2.5

(Figures in brackets indicate imports)
*Includes buses and light four-wheel drive utility vehicles.
**Includes IVECO Ford and Gordon Atkinson.

Source: Society of Motor Manufacturers and Traders and Industry statistics.

NEWS: UK

JANUARY 150

Slow Christmas trade makes retailers shiver

Neil Buckley
reports that
sales should
rise but margins
are in doubt

Wednesday's rise in interest rates was another blow to a retail trade already feeling jittery about prospects for the busiest shopping period of the year.

With sales of winter clothing hit by the warm weather in October and November, and other sectors reporting a slow start to Christmas, stores groups were concerned that the rate rise could damage fragile consumer confidence.

The importance of Christmas to retailers cannot be overstated. Some make 50 per cent of annual turnover in the three months from November to January and - with fixed costs spread over the year - up to 50 per cent of annual profits.

Marks and Spencer, the clothing and food retailer, said: "The biggest proportion of our profits are made at Christmas. Our food market share all but doubles in the six weeks to Christmas. It's the time when people traditionally flock to us."

Back in September the outlook for Christmas seemed bright. A survey of stores groups by retail analysts at Morgan Stanley, the US investment bank, found several experiencing strong reactions to their Christmas ranges and gifts - a month earlier than usual. Most believed this showed an underlying improvement in consumer confidence. The next two months, however, were patchy.

Mr Grenville Peacock, chief executive of Bentalls, the department store group in south-east England, said: "Business in general was a bit flat in October and November. But things picked up a bit again at the start of this month."

Part of the reason for lacklustre sales was the mild weather, causing many consumers to postpone buying

healthy demand. Mr Stephen Woodbridge, managing director of Hamleys, said: "Judging by the supply problems our suppliers are having, toys are selling well everywhere."

John Lewis has reported encouraging sales of some household goods, as well as furnishing accessories and furniture.

The reality is that, in spite of the interest rate rise, this Christmas is almost certain to be better than last. The question is by how much, and how much of the sales will be at full margin.

In today's low-inflation environment no one expects the double-digit sales increases common in the late 1980s, which distorted perceptions of what is a "good" Christmas.

Mr Hugh Clark, trading policy director of the British Retail Consortium, the industry body, said: "In no month in the last two years have retail sales been down year on year, either by value or volume. But they have only been modestly up."

Year-on-year increases in monthly sales have varied between 3.5 per cent and 4.6 per cent this year, and there is no reason why December should mark a strong break with the underlying trend.

John Lewis forecast an increase of 4.7 per cent in total group sales in its second half-year, including the Christmas period. With 17 weeks gone, cumulative sales growth is ahead of its forecast, at 5.8 per cent, in spite of the problems with clothing.

Furthermore, many retailers believe the trend in recent years has been for consumers to start Christmas shopping later. That tendency may have been heightened this year by the fact that Christmas Day is a Sunday, at the end of a full trading week.

One department store group said: "Our fear is that someone will be panicked into breaking ranks and launching a pre-Christmas sale. Then everyone follows suit and loses the benefit of selling at full margin when demand should be at its highest."

Other sectors are performing better. Toy retailers report

Seasonal chart-topper retains selling power



Single-minded: some of this season's offerings are competing in a market at its most lucrative time

As a result record companies invest heavily in the Christmas market. Columbia, a subsidiary of the Sony group, recorded its seasonal offering, Mariah Carey's *All I Want For Christmas Is You*, in February. Her single went straight into

the charts at number six last week and might dislodge East 17, the current number one, in the new chart when it is unveiled tomorrow evening.

East 17 is still ahead in William Hill's books, with odds of 6-4, compared with 3-1 for Mar-

iah Carey. But the Power Rangers are steaming up from the rear with odds of 9-2 as they try to follow in Mr Blobby's footsteps as the 1994 gimmick ticket.

Alice Rawsthorn

Daf claims creation of 1,200 extra jobs

By John Griffiths

About 1,200 extra jobs have been created within the new businesses which arose out of the crash of Daf, the UK-Dutch truckmaker, in early 1993.

According to Mr David Gill, managing director of Leyland Daf Trucks another 3,600 have been created at component suppliers.

Mr Gill said that of the total 1,500 were in the UK, with the rest on the Continent.

When the British businesses were revived, mainly by management buy-outs from the Daf receivers, they collectively employed 2,700. This total had risen to 3,200, said Mr Gill, with another 1,000 spread among suppliers.

The money, from an auction through Christie's, will pay tax bills and be used for the maintenance of Houghton Hall, from where the items came.

The saleroom had cautiously expected to raise £15m but few were surprised that this, the most important clear-out from a British stately home since Mentmore in 1977, did much better.

There was something for

Jaguar sharply reduced its loss in the third quarter this year to £55m from £102m for the same period last year. Its loss in the first nine months this year fell to £155m from £226m in the corresponding period of last year.

The company has been boosted in the last quarter by the autumn launch of its XJ range of luxury saloons, which led to an increase in its wholesale deliveries to dealers worldwide.

Code-named X200, this car is due for launch in 1998. It would be an addition rather than a replacement to the range, and would more than double

Jaguar output to more than 100,000 a year by 1999/2000.

The car is being designed as a derivative of a Ford world car programme under development in the US which is expected to be submitted for approval by the Ford board in March or April next year.

No decision has been made on a production location, but it is expected that the car will be built either at Jaguar's existing locations in Coventry and Bir-

mingham or at one of Ford's US plants in Michigan.

The Ford application for UK selective regional assistance will be based on an analysis of the cost benefits of production in the US versus the UK. The aid sought could total between £20m and £100m.

In March the government agreed to pay £29.4m in grant aid to Jaguar to deter Ford from moving the assembly of the next generation Jaguar XJS from the UK to Portugal.

Marquess nets £20m from art clear-out

By Antony Thorne

The Marquess of Cholmondeley, the owner of two of the nation's finest houses, Houghton Hall in Norfolk and Cholmondeley Castle in Cheshire, this week gained more than £22m after selling 146 lots of furniture, pictures and works of art.

The money, from an auction through Christie's, will pay tax bills and be used for the maintenance of Houghton Hall, from where the items came.

The saleroom had cautiously expected to raise £15m but few were surprised that this, the

FINANCIAL TIMES

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Saturday December 10 1994

Betting on the upturn

This week, two rather different institutions – the UK government and Orange County in California – paid a heavy price for guessing wrong. A year ago they made essentially the same bet: that growth in the Anglo-American economies would continue to be modest. Underestimating the recovery's strength will not be the forecasting error of winter 1994. Financial markets are betting that the entire world economy is heading for a year of strong and inflationary growth. Likely as not, that will be wrong too.

Last year the UK chancellor made a judgment call on the strength of the recovery. Mr Clarke decided to stick with a phased increase in value-added tax on fuel, rather than impose it on consumers all at once. It was a sensible enough decision. An economy expected to grow 2.5 per cent, after a long recession, needs to be treated gingerly. And the public finances were likely to be scary enough in spring 1995 for tax increases to be easily defended.

As it turned out, Mr Clarke was wrong on both counts. The country prospered from his mistake, but this week the error temporarily cost the exchequer £1bn in voted-down tax revenues. The damage to the government's credibility will be permanent.

Taxpayers in Orange County are facing a \$1.5bn-\$2bn bill for a similar misjudgment by their local authority. Mr Robert Citron, its treasurer, invested on the expectation that the 1993 pattern of steady US growth and stable or falling short-term interest rates would continue through 1994. Unfortunately for him, the economy raced onward. Mr Alan Greenspan raised US interest rates six times, eventually losing the county so much money that on Tuesday it filed for bankruptcy.

Less obvious

Those who remember the past make sure that they do not repeat it. The steep yield curve in markets around the world indicates that investors are discounting strong economic growth, higher inflation and sharp rises in short-term interest rates in 1995. Some of these ingredients are already present in the US and UK. The case for all three, in all of the world's industrialised economies, is less obvious.

Mr Greenspan's November rate increase dispelled some fears that he had fallen behind in the race to slow the economy before inflationary pressures emerge. He improved his hawkish credentials further on Wednesday, testifying to Congress that inflation fears may mean another rise in interest rates – now 5.5 per cent – in the months ahead. The US econ-

omy has yet to show clear signs of slowing from the real growth rate of roughly 4 per cent recorded over the most of the year. Investors appear to expect US interest rates to rise further. Other things being equal, that is the simplest way to lower the gap between long and short-term interest rates. But markets have to co-operate, by lowering their expectations for inflation. Before Orange County's losses disturbed them, the signs were that bond traders were at last beginning to trust Mr Greenspan's judgment. US 10-year bond rates fell briefly to 7.7 per cent on Tuesday, compared with over 8 per cent three weeks ago.

Same effect

Mr Eddie George of the Bank of England will be hoping to get the same effect out of the half-point rise in UK interest rates which he won from Mr Clarke on Wednesday morning. The gap between regular and index-linked government bonds fell slightly after the rise, but investors are still betting against them achieving their medium-term inflation target.

Rising short-term interest rates to accompany strong real growth seems the most probable recipe for a continued flattening of the yield curve in the US and UK. But is it sensible to expect a similar outcome elsewhere? German money markets took Thursday's higher-than-expected rise in third-quarter west German GDP as another reason to expect higher interest rates from the Bundesbank.

The gap between actual and potential German GDP is currently only about 1 per cent. Companies may well come up against capacity constraints relatively quickly as production picks up, so the Bundesbank can fairly reliably be expected to try to pre-empt inflation in the coming months. The Bank of France, as ever, may be forced to follow the same path, although the French output gap is a good deal larger.

Oddest of all is the current betting on Japan, where short and long-term interest rates are about 2.8 per cent apart, the same as in France and Germany. Although a slow and fragile Japanese recovery is finally under way, prices are still more likely to rise than to fall. Part of the explanation lies in the mistakes of the past: Japanese banks need artificially low interest rates to deal with the loans made when they expected the late 1980s inflationary boom to continue. It will be governments, not investors, who suffer if today's high nominal bond rates turn out to have overstated inflation. But if this week taught anything, it is that someone pays for surprises, even a pleasant one like strong, non-inflationary growth.

At one stroke, the rules changed this week for the merchant banks and stockbrokers of the City of London. S.G. Warburg, the UK institution with the most serious ambitions to compete alongside the dominant US firms as a global investment bank, abandoned its independence. It announced that it intends to merge with the US bank Morgan Stanley to create a stronger global force. If Britain's flagship investment bank makes such as a decision, what hope is there for the others?

The City of London, with its ingrained habits and rules for capital raising that encourage the continued separation of merchant banks and stockbrokers, has outlasted many farewells before. Institutions such as Cazenove & Co, the stockbroker, and Schroders, the old-established merchant bank, were not given long to live in their traditional form when the City was deregulated in the 1986 Big Bang. They are still there, arguably more successful than ever in their old incarnations.

Yet the shock of Warburg's decision to merge was still being absorbed yesterday, as bankers and brokers pondered whether it finally marks the demise of the old City. Many believe that two waves of rationalisation will combine to sweep away the past. One will be the integration of remaining merchant banks and brokers into the combined investment banks of the American model. The other will be a renewed push by foreign banks to snap up the remaining brokers.

"We are coming to the second stage of Big Bang now. Warburg has started a bandwagon rolling, and it will roll to the end," says the chairman of one broker.

"It is difficult to conclude anything other than the process of rationalisation is going to go further," says the head of a merchant bank.

Bankers question the future of brokers such as Cazenove and Smith New Court that are not owned by merchant banks, as well as medium-tier merchant banks like Kleinwort Benson and Warburg.

The City itself is unlikely to be damaged by Warburg's move. Indeed the merger, if anything, will reinforce London's position as Europe's financial centre. Morgan Stanley has already built up a substantial operation in London since it opened an office in 1977, with 2,000 of its 2,200 European employees based at its Canary Wharf office in the former docklands area. Yet the decision to merge with Warburg means a recognition that it needs to reinforce its London base even more strongly.

The move follows the decision by Deutsche Bank, the largest German bank, to base investment banking operations in London and partially integrate its operations with those of Morgan Grenfell, the UK merchant bank it acquired five years ago. Despite the claim of Frankfurt, many European banks have now recognised London's lead in equity capital markets. It bought two stockbrokers and combined them with a jobber – the firms that used to buy and sell shares wholesale – to create a single investment bank. After that, it started a gradual expansion in Asia and the US, opening 39 operations in 23 countries.

Other UK firms have become international investment banks, but on a more modest scale than Warburg. Kleinwort Benson has capitalised on its research skills in the electricity industry to help it win mandates for privatisations around the world. It has managed to sell these shares in the US, despite a relatively modest sales staff of

around 20. Barclays de Zoete Wedd, the investment banking arm of Barclays Bank, also has global ambitions.

Sachs and Merrill Lynch, which have largely built up their operations in London and Asian centres such as Hong Kong organically. Other emerging competitors are large commercial banks such as Deutsche Bank and the big three Swiss banks.

As London has grown into a more international centre, a presence in other markets for UK banks has become more important. In the first 11 months of this year, \$29.7bn of shares from abroad were traded in London, compared to \$48.1bn of UK and Irish equities.

"This merger symbolises an international financial services industry based in one country, but with a smaller domestic business," says Mr Richard Weir, director general of the Institutional Fund Managers Association.

The banks that have adapted best to compete internationally are those which have integrated stockbroking with traditional merchant banking, as Warburg did at the time of the Big Bang. It bought two stockbrokers and combined them with a jobber – the firms that used to buy and sell shares wholesale – to create a single investment bank. After that, it started a gradual expansion in Asia and the US, opening 39 operations in 23 countries.

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Yet despite all the pressures on the medium-sized banks and brokers of the City, many have survived remarkably well in the eight years since Big Bang. There is still a significant number of traditional merchant banks – which concentrate on providing advice. Some firms have stuck to their roots, but tried to expand overseas. Examples are Robert Fleming, which has a

subsidiary in London, which is out of line with practice in the US and continental Europe. The most significant of these is pre-emptive rights – rules requiring companies wishing to raise equity capital to offer new shares to their existing shareholders first. This means that UK companies have to use UK brokers with good access to investing institutions such as pension funds to distribute new shares.

The fees for these rights issues has remained impervious to competition: all advisers and brokers earn fees of 1/4 and 1/2 per cent of the value of a rights issue regardless of the quality of the issuer, or prevailing market conditions. These fixed fees have helped to cushion the business of the niche firms that specialise in them; and there has been little need for firms that excel at UK corporate broking to build up an extensive distribution network abroad.

The Warburg-Morgan Stanley merger is likely to put more pressure on some of London's traditions. Warburg has already adopted US methods of canvassing institutional investors to fix the price of an equity issue – known as "bookbuilding" – in some international issues. Beyond this, regulators such as the Office of Fair Trading and the Securities and Investments Board are starting to question whether some London traditions are fair, further encouraging a shift of methods.

Moreover, the owners of UK shares are becoming more interna-

tional. Recent figures show that the fastest-growing category of shareholder on the UK market is foreign shareholders, particularly from the US. This may encourage companies to hire advisers who can not only help them distribute shares to their traditional UK shareholders but widen their investor base abroad. Firms with an exclusively or largely domestic orientation may have more difficulty getting business.

But the squeeze may be more drawn-out than some suggested in the wake of the Warburg move: UK companies show enormous loyalty towards advisers, even when their broker or merchant bank has been acquired by a foreign bank. One example was the former broker Phillips & Drew, which was acquired by Union Bank of Switzerland. "I have always been struck by the way their clients stuck with them after the acquisition," says an executive at a rival investment bank.

Furthermore, many of the medium-sized banks and brokers are under less pressure than Warburg because they do not have the expansive international network Warburg made only a \$5.5bn profit on investment banking operations in the first half of the year because financial markets were weak and it could not pull in its horns as easily as some of the smaller, nimble players. It also had to operate in many developed countries where margins have been squeezed by competition.

Smaller firms that do not have to operate in all global centres do not need such high costs. This means that they may be able to ride out the current weakness in markets and wait for an expansion in better times. Many medium-sized merchant banks have grown through a range of niche operations such as trading the debt of less developed countries rather than competing head-on with US firms. They can shed or grow these operations depending on how profitable they are.

"It is not necessarily size and size alone that makes you successful in this business. You can operate with a few people producing clever ideas instead of having a massive overhead," says the head of one merchant bank. Furthermore, a smaller merchant bank may be able to offer services to small and medium-sized companies that do not want to pay the large fees associated with US firms. Such fees are required to support large numbers of employees and high salaries.

These trends may mean that instead of heralding the end of many of the merchant banks and brokers of the old City, the Warburg merger may simply mean a more stratified market. At the top will be global players such as Warburg-Morgan Stanley, operating across the world with the likes of Goldman Sachs. But smaller UK firms will be able to survive by offering a distinctive approach in the UK market, combined with careful growth into more profitable overseas markets.

"We are all scratching our heads and trying to work out what it means," said a banker yesterday. "I would be surprised if some of the firms are around in a few years time, but I think the process could take longer than people think."

The end of the old ways of the City of London has been predicted several times before. Some of its traditions may not be able to endure forever, but the Warburg-Morgan Stanley merger is not yet the death knell of its traditional firms.

Conservative Rebels in the News

The whipless wonders

It had been a hard slog. But the British government's business managers reckoned they had pulled it off.

Minutes before Tuesday's crucial House of Commons vote on value added tax, one whip thought that the government would win by two votes. He believed chancellor Kenneth Clarke's last-gasp concessions, offering pensioners an extra £100m of compensation for the proposed increase from 8 to 17.5 per cent in the rate of VAT on domestic fuel, had snatched victory from the jaws of defeat. But he reckoned without the whipless wonders.

These are the Tory MPs who were suspended from the parliamentary party, with one resigning voluntarily, after a vote last week on the controversial European Union finance bill. Eight of the nine extended the rebellion to VAT – voting against the government or abstaining. Their defiance consigned the government to defeat by eight votes, and blew a £1.5bn hole in Mr Clarke's Budget arithmetic.

The rebels appear to have decided to defy the government at a secret meeting attended by eight of them during the VAT debate. This element of co-ordination has seen them labelled as a party within a party. In numbers, they are on a par with the Ulster Unionists, which, with nine MPs, is the fourth largest party in the House of Commons.

But as a force, they have little in common other than their hardline Euroscepticism. They are a disparate group.

• Sir Teddy Taylor is an engaging former Glasgow Herald journalist, with an encyclopedic knowledge of EU spending, if not of some more pedestrian concerns (he once told a Sunday newspaper that he thought



have splintered into three factions. The first group decided months ago not to make trouble over the EU finance bill in the interests of party unity. The second fell into line when the confidence card was played. But the remaining Group of Nine apparently had such an aversion to earmarking more funds for the EU budget that it was prepared to risk triggering a general election.

This recklessness risks undermining not only Mr Major's leadership, which the rebels might regard as a bonus, but also the Tory party's prospects of winning the next general election, due by mid-1997.

It has reinforced the impression, already forming after last month's climbdown on Post Office privatisation, that ministers are powerless to push through their agenda.

Even with the support of the rebels, Mr Major can muster an overall majority of just 14. When the opposition unites, it therefore takes just eight Tory troublemakers to disrupt the government's plans. Backbench-

ers are becoming adept at exploiting this. One minister this week referred to the state of affairs as "government by clique".

The rebels' actions have also caused division within the party over the best way of handling the group. Rightwingers have called on Mr Major to re-admit the nine to the parliamentary party as quickly as possible.

But the whip's office is sore at what it sees as the rebels' vindictiveness in signalling that they would support the government and then change their minds. "They could have started bridge-building on Tuesday," snapped one business manager.

The rebels seem to be taking the view that being ejected from the parliamentary party leaves them free to judge issues on their merits. But the party leadership has indicated that they must show clear and consistent support for the government in order to be accepted back.

For the moment then, there is stalemate. This might not matter because the government's 1994-95 legislative programme seems to contain little more that is controversial – with the possible exception of the parts of the finance bill implementing the Budget.

Meanwhile, there is some confusion over what the rebels are trying to achieve. Mr Marlow says the group is motivated by the belief that the party cannot be re-elected without a policy on Europe with which "people can feel at ease".

But the Tory party's centre of gravity on Europe appears to be shifting. If Mr Major's recent hint at a possible referendum on European integration was hardened into a commitment, it would do much to allay the misgivings of the 100 or so mainstream Tory Eurosceptics.

If the Group of Nine did not fall into line at that point, they would be widely dismissed as rebels without a cause.

David Owen

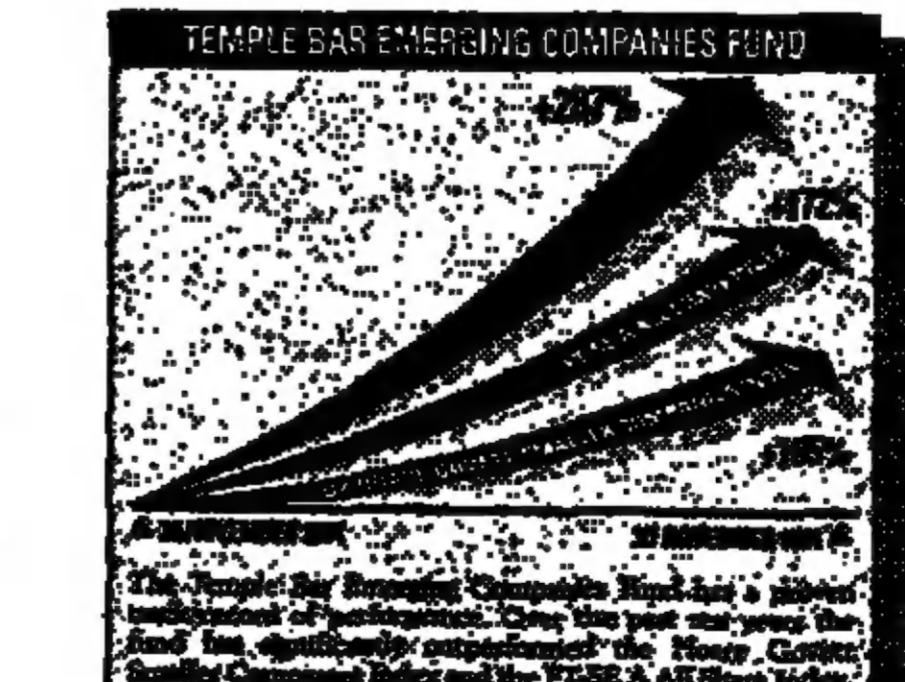
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Unit Price Analysis Monthly Guide, July 1994



Year	1989	1990	1991	1992	1993	1994
Initial Charge	100	100	100	100	100	100
1st Year	100	100	100	100	100	100
2nd Year	100	100	100	100	100	100
3rd Year	100	100	100	100	100	100
4th Year	100	100	100	100	100	100
5th Year	100	100	100	100	100	100

Performance 1989-94
Source: Investors' Guide, offer to subscribe, 30.11.94.

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COMPANY NEWS: UK

Increasing turnover and operating margins please City

GEC advances 6% to £378m

By Bernard Gray,
Defence Correspondent

General Electric Company, the defence and electronics company, yesterday reported a 6 per cent increase in interim pre-tax profit from £260m to £282m on turnover up by 10 per cent to £4.8bn, against £4.39bn.

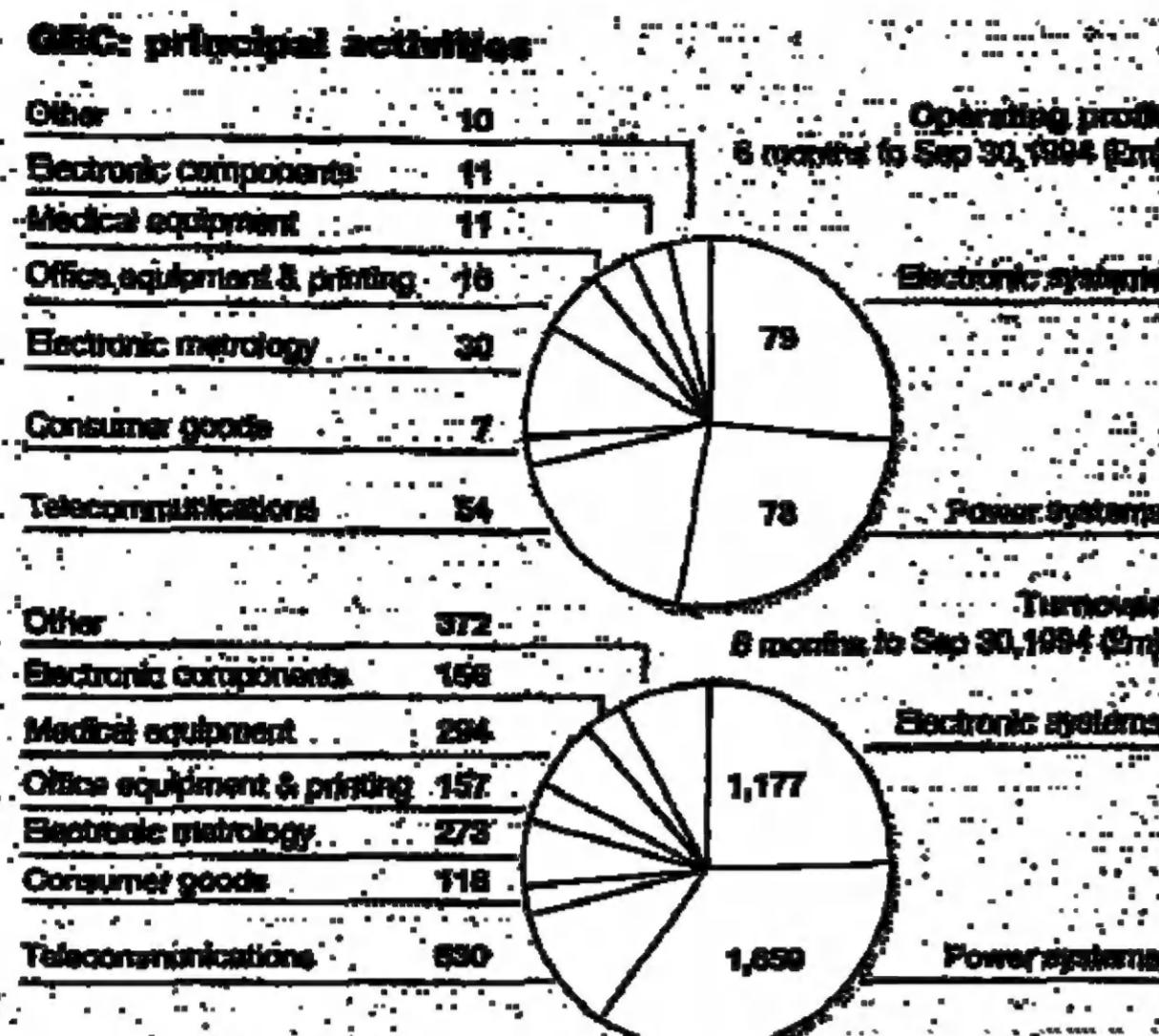
The interim dividend is increased to 2.85p (2.81p) from earnings per share of 8.8p (8.2p).

However, the profits increase for the six months to September 30 masked a much better performance from most operating companies.

The City was pleased that turnover and operating margins were increasing, and that the company was not reliant on cost-cutting for improved profits.

Lord Weinstock, managing director, also said that the company would continue to pursue its bid for VSEL, the submarine maker, with the Monopolies and Mergers Commission.

Analysts said that the profits showed the productivity benefits of previous rationalisation were feeding through now that the US and UK economies were recovering. Operating profits



were up by 14 per cent at £2.29bn (£2.06bn) and only a decline in interest income from £36m to £70m held back the pre-tax improvement.

There was a particularly strong performance from Gilbarco, the US petrol pumps business, and profits in a division doubled to £30m. A mixture of underlying growth in the US petrol market and changes in environmental leg-

islation, forcing the replacement of old equipment, were responsible.

GPT, the telecommunications joint venture with Siemens, also showed improved turnover. Lord Weinstock said that condition remained very tough in defence. However, profits should improve once the production phase of Eurofighter's radar and flight control systems comes on stream.

See Lex

Portals wins £100m contract with Indian government

By Christopher Price

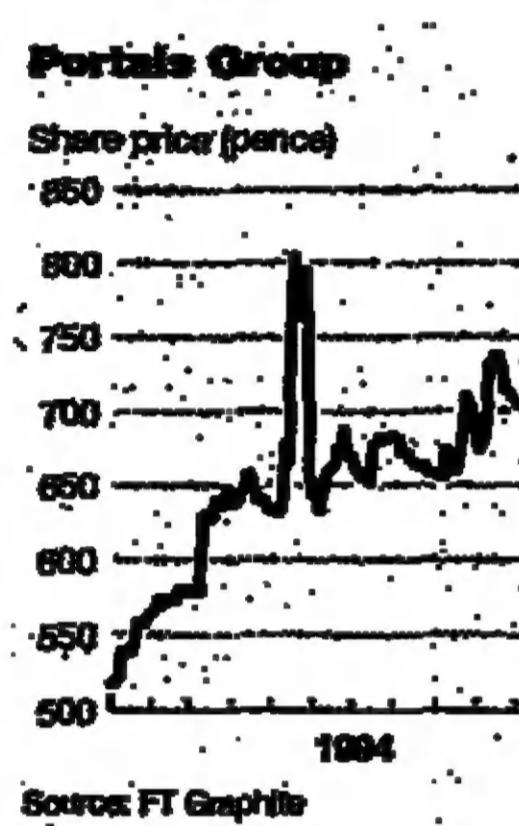
Portals, the specialist banknote printing group, yesterday announced a £100m contract to supply the Indian government with banknote paper.

The news provided a further boost to the group's share price, which had already shot sharply forward on news earlier this week that Portals had been approached by De La Rue, the printing group.

Portals shares closed up 10p yesterday at 838p, and ahead 128p on its close of Monday evening.

The group was forced to make an announcement over the De La Rue approach on Tuesday when its shares began rising rapidly.

The Indian contract is the



largest value banknote paper order in the industry ever and was won through a public tender.

Mr John Lloyd, managing

director, said that the order, which will begin early next year, should allow the group to operate at capacity for the foreseeable future.

He refused to comment on the De La Rue talks.

It is the second time this year that the two sides have been in potential takeover negotiations. De La Rue approached Portals in May - a move which again sent the share price soaring - but the two groups called the talks off after failing to reach agreement.

Following this week's news, De La Rue has said it would not make a hostile bid without the agreement of the Portals board and underlined the close commercial relationship between the two companies.

Mr John Lloyd, managing

Misys withdraws RM offer but does not admit defeat

By Christopher Price

The tussle for control of Research Machines subsided yesterday when computing services group Misys announced it had withdrawn its proposals for the educational computer and software supplier.

The move came as RM unveiled a placing price of 175p a share for its forthcoming flotation, valuing it at £28.5m. Misys' first conditional offer, made on Tuesday, offered a minimum 235p a share in cash.

This was followed by a second proposal to acquire a 29.9 per cent stake at a price of at least 210p a share. Both were rejected by the RM board.

A Misys statement said: "We will be watching RM's progress with interest." The company would not comment on whether a hostile bid would be consid-

ered after the group's listing.

The float will raise just £200,000 net for the company. But the listing is being instituted ostensibly to enhance the company's profile rather than for financial considerations. "We have been the world's least-known £55m (turnover) computer services company for some time," said Mr Mike Fischer, EM chief executive.

Existing shareholders are selling close to 19 per cent of shares on flotation, leaving directors and their families holding 29 per cent of the issued share capital, other employees, former employees and families with 11 per cent, existing institutional shareholders with 88 per cent and institutional places with 22 per cent.

The placing has been fully underwritten by SG Warburg

Securities.

The company faced complete restructuring in 1992 as it withdrew from the design and manufacture of electronic sub-assemblies and decided to concentrate its energy on the educational world.

The Oxfordshire company, which employs more than 450 staff, expects its main market to remain in the educational field.

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Booth back in the black with £8,000

Booth Industries Group, the specialist engineering group, edged back into the black with a pre-tax profit of £8,405 in the six months to September 30, against a £277,970 loss last time.

The company, which makes high security doors - including the front door to 10 Downing Street - and fire and blast resistant systems, reported a £2.12m loss at the year end, although this was struck after a £1.42m provision for reorganisation.

Mr Gerrard Booth, chairman, said that though markets remained competitive, sales targets were achieved while maintaining positive margins. The UK market was static but overseas opportunities were encouraging.

Turnover dropped to £4.9m (£8m), which included £1.9m (£2m) arising from certain structural steelwork contracts being concluded this year. Earnings per share were 0.19p (9.45p losses) and there was again no interim dividend.

King & Shaxson

A first time contribution of £277,000 from Greig Middleton, the stockbroking offshoot acquired earlier this year, helped King & Shaxson Holdings to lift pre-tax profit by 84 per cent from £762,000 to £1.25m for the six months to October 31. Revenue jumped from £2.46m to £2.5m.

Moneybroking turned in an increased contribution of £568,000 (£308,000), but discount house profits fell from £743,000 to £425,000 and futures management incurred a slightly higher loss of £22,000 (£29,000).

Earnings per share rose to 4.1p (2.7p) or to 3.3p fully remitted and an unchanged interim dividend of 4p has been declared.

• Smith St Aubyn (Holdings), a wholly-owned subsidiary of King & Shaxson, made a lower interim pre-tax profit of £278,000 (£264,000). The USM-quoted design and

construction software company said some shareholders had expressed concern about the litigation between the company, ICL and the AA. The board said it was determined to pursue the matter "to a just and equitable conclusion".

Turnover was £638,000. Losses per share were 1.06p (0.81p).

NEWS DIGEST

October 31. The 17 per cent decline came on the back of turnover down 3.5 per cent from £206,800 to £178,400.

The company said the numbers of stock handled had fallen, resulting in less commission. In addition, a provision of £25,000 had been made for exceptional repairs.

Earnings per share were 2.2p (2.6p).

TR Technology falls

Net asset value per share at TR Technology was £203.30 at October 31, compared with £255.38 a year ago and 16 per cent down on 241.7p at the April year end. The Hambrecht & Quist Technology Index rose 15.6 per cent over the half.

The trust, which invests in an international portfolio of quoted technology companies, had net assets of £256.7m (£263.3m) at the period end.

Net revenue for the half was £1.75m, 10 per cent down on the £1.94m last time. Earnings per share emerged at 1.69p (2.2p restated).

Stagecoach invests

Sistema Metrobús de Bogotá, in which Stagecoach Holdings, the UK's largest bus operating group, has a 25 per cent stake, has won a 23 year concession to provide a mass transit system for Bogotá in Colombia.

Stagecoach's investment is

Norweb claims PowerGen rejected plant approach

By Peggy Hollinger

Norweb, the regional electricity company, yesterday claimed PowerGen had rejected its approach to buy plant which it must sell to meet the industry regulators' demands for increased competition.

The news comes just a day after Professor Stephen Littlechild, the industry regulator, expressed impatience with the two main generators over their progress on plant disposals. National Power and PowerGen have been ordered to sell between 5,000MW and 6,000MW of generating capacity before the end of next year.

Mr Ken Harvey, Norweb's chairman and chief executive, said at the company's interim results meeting that he had approached PowerGen in conjunction with other "potential generators".

"PowerGen told us they did not wish to proceed any further," Mr Harvey said. "They said they had other options."

PowerGen denied it had rejected Norweb outright. The generator had decided initially to pursue options with potential European partners.

"Options include asset swaps or potential joint venture arrangements," the company said. "We have made it clear that the priority at the moment is to pursue proposals with European partners, but we have not ruled out other options."



Ken Harvey: PowerGen said they had other options

Mr Harvey said Norweb was talking to National Power about the possible acquisition of plant.

Mr Harvey's comments came as the group announced a 19 per cent jump in pre-tax profits to £77.5m (£65.1m) in the six months to September 30. Sales were up 5 per cent to £977.3m.

Norweb also announced it was reducing its standing charge to domestic customers by £1.50 to £9.34 a quarter. This means prices to domestic customers have fallen by about £2.25 a year, including the 6 per cent tariff cut in April. These reductions more than offset the 8 per cent VAT charge, Mr Harvey said.

The distribution business increased operating profits by 5 per cent to £82.5m, while supply profits jumped from £4.2m to £13.3m.

Fuller attacks duty increase

By David Blackwell

Record operating profits at Fuller Smith & Turner, the west London-based brewer, have not diminished the chairman's anger over Thursday's increase in beer duty.

I am amazed that the Chancellor, having detailed at length in his original budget speech his awareness of the effects that personal imports are having on the British drinks industry, has nonetheless increased duty rates to satisfy political expediency," said Mr Anthony Fuller yesterday.

Pre-tax profits for the six

months to October 1 increased from £2.76m to £4.15m. Sales grew from £41m to £42.8m, although volume beer sales were down 5 per cent.

Operating profits improved from £2.37m to £2.55m. The latest figure was struck after a one-off redundancy charge of £162,000 following the reorganisation of the distribution fleet, and a £188,000 loss on Classic Ales, the beer wholesaler.

Fuller sold its 75 per cent interest in Classic in Gretna last week, and will realise an exceptional £500,000 profit in the current half.

The increase at operating level was driven by the 8.4 per cent

Project Hawk takes flight

The British Coal deal is in the bag for RJB. Michael Smith reports

Project Hawk was the codename given by Barclays de Zoete Weill to its work on the RJB Mining bid for British Coal. But outside the company there were many who doubted that the bird would fly.

Yesterday they had their answer when RJB signed a deal to pay £215m for the English mining assets of British Coal. In extremely difficult circumstances, it had raised the £29m needed to finance the bid.

That means its acquisition of the 17 deep mines, including two which are mothballed, and 16 open-cast sites is in the bag.

Whereas RJB assumes it can sell 34m tonnes of coal at an average price of £32 a tonne, Mr Malcolm Edwards, chairman of Coal Investments, whose bid failed, reckons that 24m tonnes at £26 would be more appropriate.

In an extraordinarily bitter series of exchanges between the two companies RJB has dismissed Mr Edwards' comments as an attempt to destabilise his bid so that he could press forward with his.

But Mr Edwards is not alone. Most executives within both

the coal and electricity industries are closer to the gloomier, Edwards view.

The institutions think otherwise, or are at least prepared to give RJB and Mr Richard Budge, its chief executive, the benefit of the doubt.

There are an awful lot of numbers knocking around and, because coal has been in the public sector for so long, the City's knowledge is not good," said Mr Neil Richardson of Threadneedle, one of the institutions which is buying shares.

However, we know the supply of coal is much closer to demand than for a long time and that world coal prices are rising."

Mr Richardson also believes there is more scope for cost-cutting than RJB has allowed for in its forecasts. RJB assumes it will cut costs by just 3 per cent a year.

Most of the institutions backing RJB say they invested when the company was floated last year because they were

impressed by its track record and nothing has arisen since then to change their minds.

A wide array of events surrounding the collapse two years ago of AF Budge, of which Mr Budge was a director for 20 years, has seemingly failed to deter many investors.

"None of the deals struck then was illegal," says one shareholder. "Most of them were typical of what happens when private companies collapse."

Fund managers concentrated instead on the finances. Assuming the company meets its after-tax profit projection of £75m next year, the shares are being sold at £30p on a 1995 prospective price earnings ratio of 6.4, compared with a stock market average of 12.

But what really made Project Hawk fly was the projections of profits and dividends after 1996, when the debt is scheduled to be paid off. There remain many doubters about RJB's assumptions, but the company's investors prefer Mr Budge's version of the future.

reental income rose by 8 per cent to £5.47m, against £5.06m.

Earnings per share climbed 44 per cent to 12.9p (8.6p) and the final dividend of 9p makes a total of 12.5p (7.5p).

Net asset value per share was £200 (149p) at the year end.

Mr Ken Loukes and Mr Roger Warren Evans have joined the board. Mr Loukes will replace Mr Geoff Buzley as finance director after the forthcoming annual meeting - Mr Buzley will remain a director.

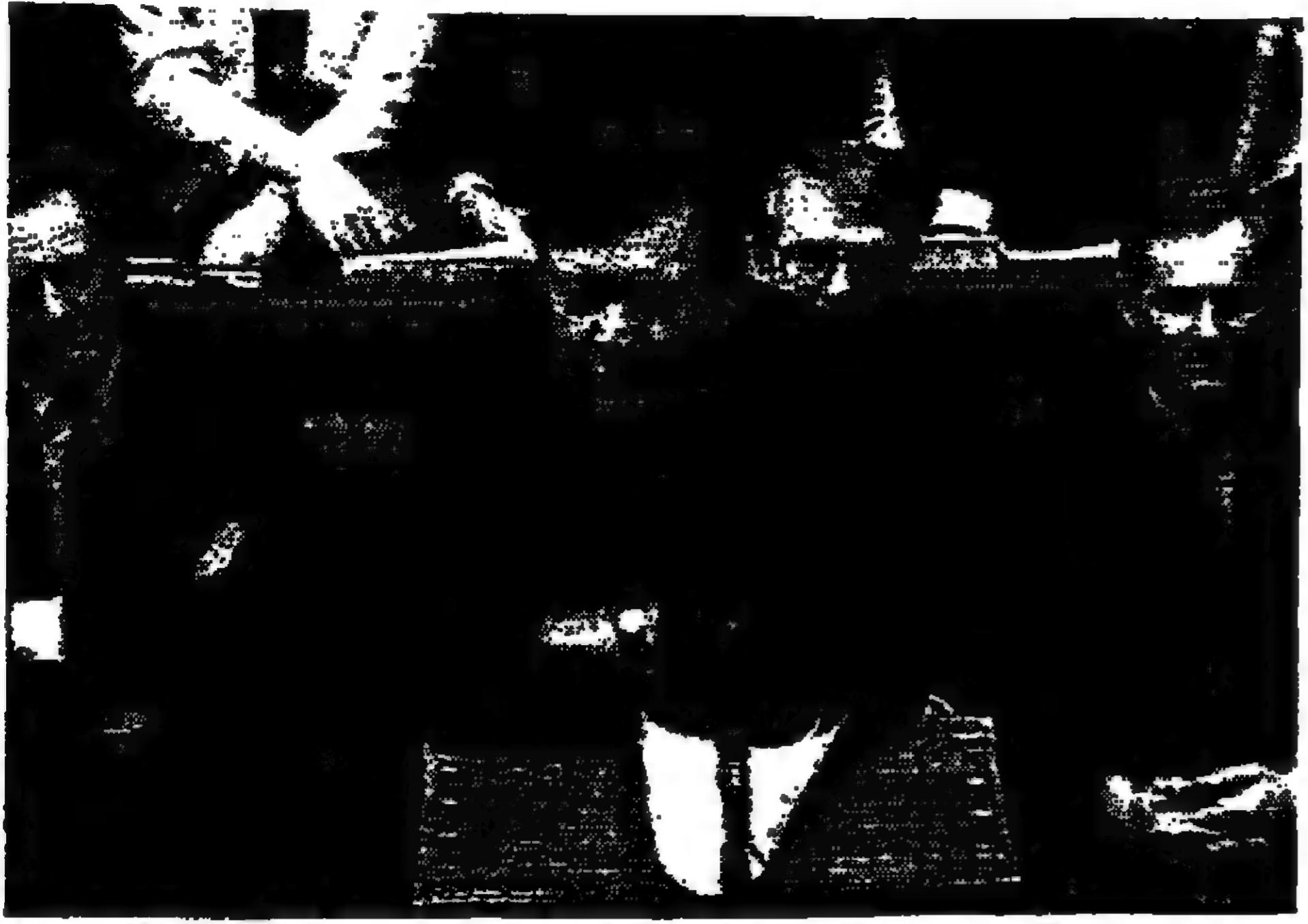
Microvitec buys

MARKETS

Wall Street

Over-stretched Orange turns into a lemon

County's bankruptcy shock raises the ugly spectre of recession, says Patrick Harverson



A week of high political drama in London - yet the markets' reaction was sanguine

London

After the turmoil, it wasn't all bad

Martin Dickson surveys a week of political drama

The most embarrassing parliamentary defeat for a British government in years - a half point rise in interest rates; and an emergency mini-Budget. In short, a state of political turmoil which might seem guaranteed to sow despondency in the stock market.

Yet, London's initial response to the drama played out at Westminster this week was remarkably sanguine - certainly, far more so than the bout of bearishness which suddenly overtook the equity market yesterday.

The measured reaction to prime minister John Major's problems is perhaps understandable: a substantial degree of political risk must have been factored into share prices long before this week's alarms, given Labour's enormous opinion poll lead. And while Major's humiliation by Conservative party rebels in Tuesday night's fuel VAT vote makes the government look extremely weak, Labour's opinion poll strength means Tory rebels will hardly be keen to force an early general election.

At the same time, the market still generally likes the government's handling of the economy. This week's increase in base rates might have been prompted in part by a need to calm City nerves over politics, but many analysts also regarded it as justified purely on economic policy grounds.

The economy is growing at more than 4 per cent a year, which is probably unsustainable over the long run. And while inflation is at its lowest point in 27 years - several companies reporting results this week welcomed a recent softening of commodity prices, which rose sharply earlier this year - the government, by raising rates now, could have nipped incipient inflationary pressures in the bud.

A solid rally yesterday in gilts - the market which is probably most sensitive to political risk - suggests that the equity sector's end-of-week nervousness originated in large measure from the mood on Wall Street, which has

analysts suggested that if Warburg - Britain's leading contender as a global investment bank and with a strong presence in the main markets around the world - felt it necessary to link with a large foreign ally, then the rest of the independent UK securities sector would also have to think along similar lines. It could, in other words, mark the second stage of London's Big Bang - the first being the round of mergers in the mid-1980s which accompanied the abolition of fixed commissions.

The more immediate question is whether the Warburg-Morgan Stanley marriage plans will be consummated. The two

companies look a good fit in terms of relative product and geographical strengths, but there is some overlap which is bound to lead to redundancies.

And the melding of investment banking cultures is notoriously hard to pull off - as Big Bang I demonstrated.

These cultural difficulties mean that it would be hard for a rival bidder to launch a hostile offer for Warburg, but other leading foreign houses may weigh an approach to the bank with a friendly offer above the price which emerges in any eventual agreement with Morgan Stanley. The present plan is to create a new holding company which would, presumably, offer shares in exchange for existing Warburg and Morgan Stanley equity.

The week also marked the debut of British Sky Broadcasting, the satellite television group, which floated this month through a successful offer for sale. Its shares opened for trading on Thursday at an 11p premium to the 25p price at which its offer was fixed.

But shares in submarine manufacturer VSEL dived on Wednesday when Michael Heseltine, the trade and industry secretary, referred to the Monopolies and Mergers Commission bids for the company from both British Aerospace and General Electric. The two offers now face three months of close scrutiny.

The decision surprised the City, which had expected both bids to be cleared. But analysts' calculations were upset by the insistence of the Office of Fair Trading - which advised the government on competition policy - that GEC's bid should be referred since it already owns Britain's other large warship-maker, Yarrow, on the river Clyde.

Heseltine referred the BAEs bid on grounds of "public interest" involving national security, a vague phrase which seemed designed to head off the storm which would accompany the referral of the GEC bid alone. A touch of expediency, in other words, in which it was singularly lacking on the Tory benches.

The more immediate question is whether the Warburg-Morgan Stanley marriage plans will be consummated. The two

Is Wall Street predicting a recession, and could the Orange County investment debacle bring such an eventuality nearer? This might seem an odd question given that the US economy is growing at an impressive 4 per cent a year; that corporate earnings are strong; that the labour market is as close to full employment as it is ever likely to get; and that Orange County's problems, serious as they are, are likely to be confined to the once-prosperous municipality which occupies a few thousand square miles of southern California.

Yet, judging from the performance of financial markets this week, traders and investors appear to be anticipating a sharp slowdown in economic growth early next year, and quite possibly a slide into recession before the end of 1995. Also, some commentators on Wall Street believe the Orange County crisis could inflict serious damage on both investor and consumer confidence, hastening the onset of recession.

To take the markets' economic forecast first. One of the most revealing developments of the past few weeks has been the flattening of the yield curve. The curve, a graphical depiction of the yields on securities with varying maturities, has been flattening rapidly because yields on short-term government paper have been rising, while yields on

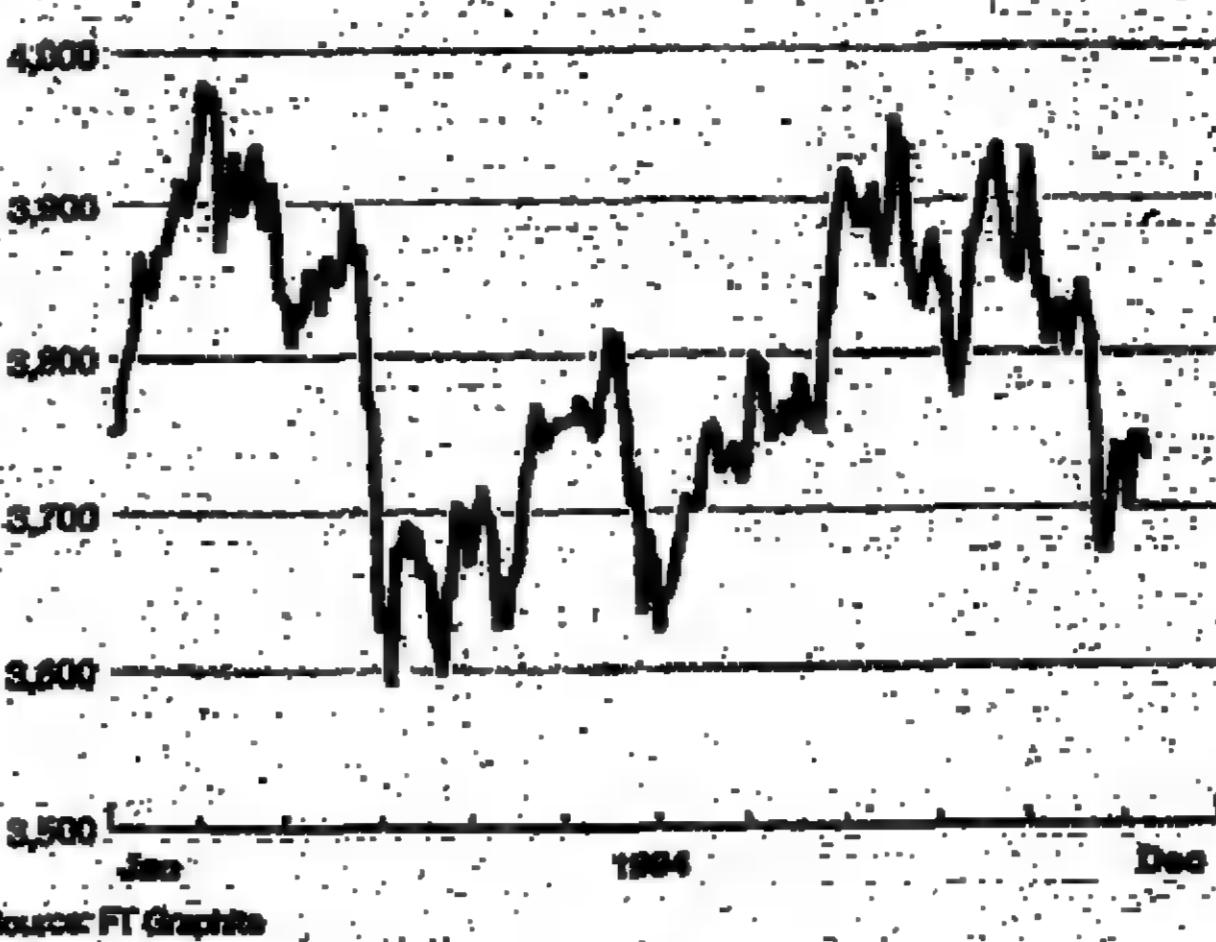
long-term paper have been falling. In the past week alone, the difference (or "spread") between yields on two-year notes and 30-year bonds has narrowed from 60 basis points (each basis point is one hundredth of a per cent) to 35 basis points, its lowest level since mid-1990.

The curve is flattening because investors are buying long-term government securities in the belief that the Federal Reserve's aggressive tightening of monetary policy this year will keep inflationary pressures in check by engineering a sharp deceleration in economic growth in 1995. At the same time, investors are selling short-term securities because they are worried about the possibility that the Fed will initiate another increase in short-term interest rates soon.

If the trend of selling at the short end of the bond market and buying at the long end continues, the yield curve will be flat before the end of the year - and a flat yield curve, as analysts have been quick to point out, occurs typically when the bond market sees recession ahead.

None of this has escaped the attention of the stock market, where share prices remain under pressure as investors increasingly become concerned about the outlook for economic and corporate earnings growth. In the first 44 trading days of this week, the Dow Jones Industrial Average fell more

Dow Jones Industrial Average



Source: FT Graphics

sentiment. The bankruptcy filing by Orange was by far the largest of its kind in the history of local government in the US. Concern has grown on Wall Street that other counties or cities may have pursued similar highly-leveraged investment strategies which could lead to further bankruptcies. A meltdown of municipal finances would hit local economies hard and worsen the expected nation-wide slowdown in business activity next year.

The Orange County debacle is likely to overshadow the market into the new year and at least one leading Wall Street economist, Michael Metz of Oppenheimer, believes it is a watershed, the beginning of the end of what he called "financial buccaneering" in America. By buccaneering, he means the excessive use of leverage, the use of complex derivatives for speculation, and the high-risk strategies of hedge funds.

While an end to these activities may not necessarily be bad for the stock market, or even for the economy, Wall Street has made a lot of money from them, and would be loath to let them go.

Dow Jones Ind Average

Monday	3,741.32	-3.75
Tuesday	3,745.85	+4.03
Wednesday	3,733.52	-10.33
Thursday	3,685.75	-43.75
Friday	3,685.75	-43.75

The crisis, however, had a noticeable impact on investor

derivatives) in the expectation that interest rates would remain low.

The sharp rise in rates destroyed that strategy. Now, the value of the county's portfolio has fallen sharply and it cannot meet its debt obligations. This week, Wall Street firms which had lent money to Orange rushed to sell more than \$7bn in securities which they had held as collateral against the loans. Although this fire sale created considerable unrest in the bond market - and, in some cases, depressed prices and raised yields - there was no direct impact on share prices.

The crisis, however, had a noticeable impact on investor

Life insurance

The moment of truth is approaching

Big changes - including full disclosure of charges - are imminent. Alison Smith reports

If the life insurance sector was being advised by one of its own sales agents, one of the first items to check would be that it had an income protection plan in place. The difficulty might be finding an acceptable premium to cover the short-term risk, given the industry's immediate past record.

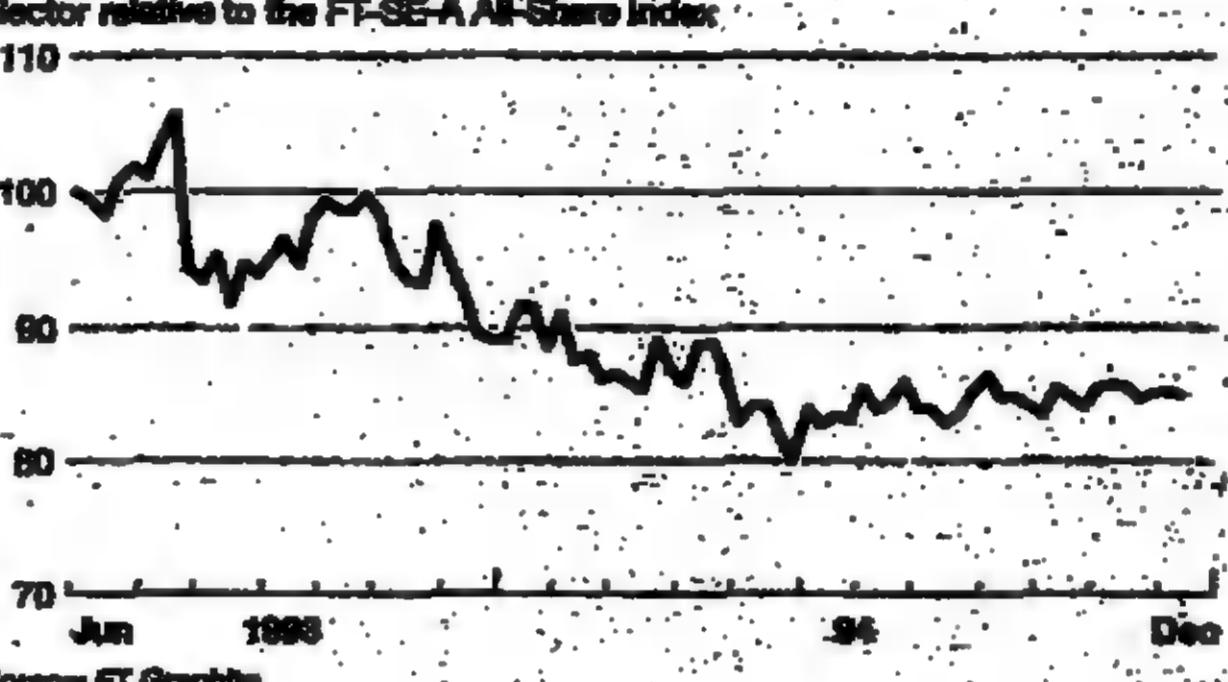
As the chart shows, shares in the quoted life sector have already been underperforming the FT-SE-A All-Share index for more than a year. But this sector does not give a full picture of the industry.

Although it includes two of the giants - Prudential and Legal & General - others, such as Norwich Union and Standard Life, do not feature because they are mutual organisations owned by their policyholders.

It also excludes such subsidiaries as Allied Dunbar, which is owned by BAT Industries, and Barclays Life, which is part of the Barclays Bank group. Neither of these is quoted separately, and nor are the life operations of composite insurers.

Yet, even if the picture is not a full one, it does not mislead in indicating that the industry

Life assurance: will disclosure make things worse?



Source: FT Graphics

as a whole has been finding life hard over the past year or so. And the sector knows it must face fresh uncertainties in the coming months.

From January, there will be new rules requiring life companies and independent advisers to give customers more information about policies, charges and commissions. These rules are expected to have a short-term, disruptive impact on sales, although the longer-term implications for new business are harder to read.

Some results for life insurers themselves, however, are already becoming clear. Over

the past few months, company after company has announced re-structuring of policies, cuts in costs, or changes in paying sales agents and advisers.

Sum Alliance today becomes the latest to announce a new range of policies to be sold from January in response to the new rules. It is introducing nine new products, including six personal pensions with a short-term, disruptive impact on sales, although the longer-term implications for new business are harder to read.

Life companies hope that higher surrender values will not lead to early lapses of long-term policies. Instead, one theory is that larger amounts invested early on should mean higher values as well when the policy matures.

Sum Alliance's plans differ in some ways from the route taken by Standard Life, which believes that customers will be ready to accept a slight dip in maturity values as the price for higher early surrender values. But Standard has sought to minimize this aspect by cutting its own margins so that, in some cases, the maturity values for the new policies are slightly higher despite the change.

While companies are adopting various approaches to improving surrender values, at least one aspect of Sum Alliance's plans reflect themes common across the sector.

The company says it will move straight to meeting the entire range of disclosure requirements from January, even though companies need not bring in all of them until the summer.

Last week, the Prudential also announced it would give each customer full information at the start, and many other companies are taking the same stance. But it might be a mistake to see this as a rush of altruism: making one change to computer systems is cheaper and less disruptive than three successive ones.

Barry Riley

Breaking with the inflationary past

The 1990s could yet turn out to be the decade of the bond

Five years ago, I wrote an FT article considering the spectacular, but surely unpredictable, returns on equities during the 1980s. Later, in a column in mid-1992 - a quarter of the way through the 1990s - I speculated on whether this would turn out to be the decade of the fixed-interest bond. Halfway through the decade, here is an update.

Bonds are indeed still ahead and equities continue to struggle (they have had a bad week). It looks as though, in 1994, we are heading for the second year of equity price declines in the 1990s.

Investment institutions stuck with a backward-looking orientation towards equities are grappling with the problem of whether they should re-shape their fundamental strategies. Remember that the world's stock markets delivered wonderful returns in the 1980s. For the British investor, the pre-tax total rate of return (dividend income plus capital growth) averaged 14 per cent annually on UK equities and about 23 per cent on overseas stock markets. The average annual return on UK government bonds was just under 15 per cent - not bad in itself, but a yawning 9 per cent short of the return on equities.

There has been a serious world recession, too. Economic growth in the OECD member states has slowed from 2.7 per cent in the 1980s to 1.8 in the 1990s (although a marked

acceleration is under way). Inflation also has slowed sharply around the world, not least in the UK where it averaged 6.9 per cent in the 1980s but has fallen recently to the 2 to 3 per cent range. These economic trends generally have been favourable to bonds, although recent signs of economic over-expansion in the US have hurt bonds badly.

The failure of equities to generate a higher investment

pension schemes, they assume a much lower extra return on equities - of the order of 1 to 2 per cent. Perhaps that reflects professional caution but, certainly, the 7 per cent figure is an historical aberration which is related, in broad terms, to unanticipated post-war inflation and (although Wilkie does not say this) to the isolation of the British capital markets during a 40-year period of foreign exchange controls. As for the future, Wilkie thinks it would be reasonable to expect 3 per cent in the long run.

Such a future pattern of returns, however, could be assumed only from the starting point of an equilibrium relationship between bond and equity yields. Recently, though, the yield ratios have looked rather stretched and equities therefore over-valued, especially in the US, although there has been a degree of correction within the past two months.

The UK yield ratio has dropped over the past few weeks from 2.3 to 2.1: this, to my mind, is still too high for a period of low inflation, but opinions differ. A fall in the ratio towards, say, 1.75 would generate further outperformance by bonds in the short to medium term. On the other hand, equity dividends are now growing strongly, which they were not in the early 1990s, and this is

positive for shares. Certainly, the recent outperformance by bonds can be regarded as exceptional but it is not necessarily temporary. In UK terms it marks a definite break with an inflationary past.

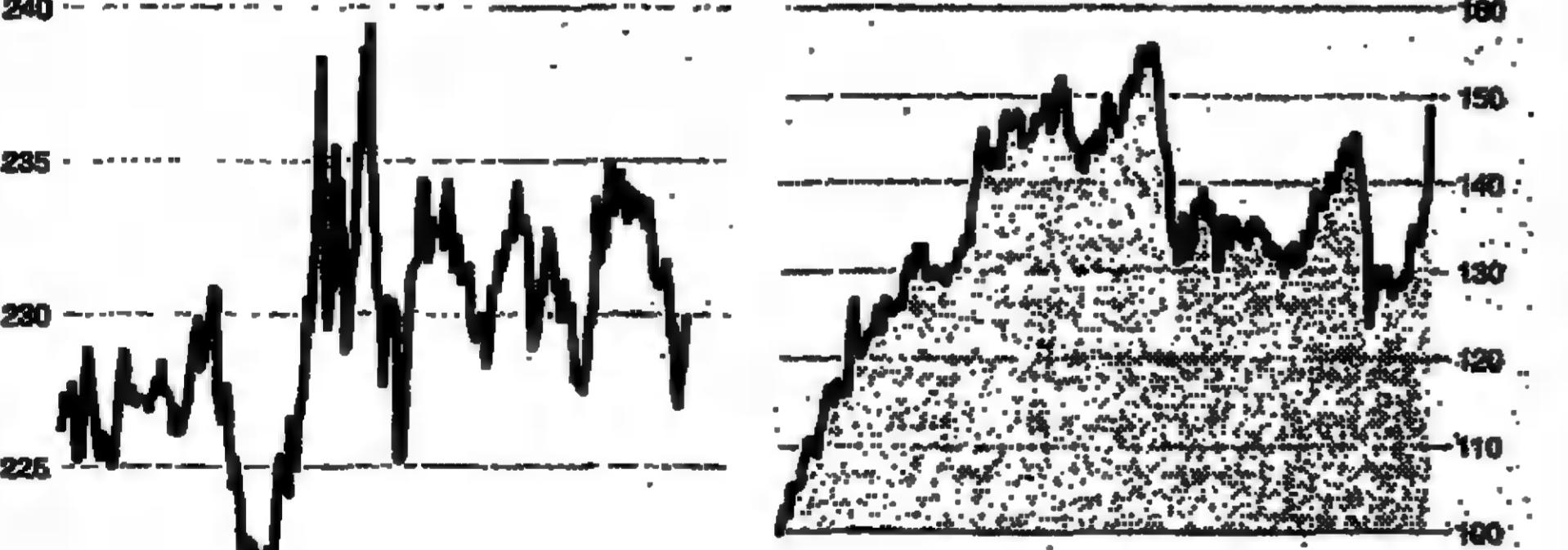
This change is putting pressure on investment institutions. The average UK equity unit trust, for instance, has performed rather worse over the past five years (when it has returned a modest 6.4 per cent annually) than the average gilt and fixed interest trust (which has returned 6.8 per cent). But unit trust companies are geared overwhelmingly to promote equity funds - which, counting only the UK sectors, are worth \$45.5bn against merely \$1.5bn for gilt funds.

Similarly, many pension scheme trustees in the UK are wondering about the level of risks associated with their typical 80 to 85 per cent exposure to equities. Such an investment strategy might have made sense in the 1980s, when the equity risk premium was running at 3 per cent, but does not look so clever when the risk premium temporarily has gone negative and might be only 3 per cent in future.

After five years, we are halfway to the millennium. In the 21st century, you can bet that equities will again outperform in the long run. But the 1990s could yet be the decade of the bond.

Commodities

Commodity Research Bureau Index



Highlights of the week

	Price y'day	Change on week	High	Low	
FT-SE 100	2,977.3	+0.0	3,020.3	2,767.6	Interest rates rise
Aron Rubber	462	-28	430	474	Profit warning
Boots	464	-23.5	501	444	Brokers downgrades
Cable & Wireless	380	-13	543	356	Hong Kong stock market slides
Fine Art Devs	375	-54	558	375	Caution on 2nd half
Glaxo	628	+15	725	520	Bad news for Astra
Hewlett	155	-57	205	85	New management
Knorr-Bremse	416	-38	776	416	Christmas trading worries
Kleinwort Benson	537	+58	603	454	Bid candidate
Northern Electric	881	+28	928	589	Bid speculation
Portals	533	+12	603	513	De Lru interest
Stepcocoach	231	+18	232	158	Acquisition moves
Thom EMI	1011	+16	1165	950	Bid speculation
VSEL	1,936	-192	1,548	980	Bids referred to MMC
Warburg (SG)	793	+128	1,012	569	Merger talks

JULY 150

into a lemma
tion, says Patrick Hume

AMERICA

Dow shaken in Orange County fallout

Wall Street

Share prices fluctuated mostly in negative territory yesterday morning amid growing fears of another rise in interest rates and continued worries about the fallout from the declaration of bankruptcy by Orange County in California, writes Lisa Brunton in New York.

By 1 pm, the Dow Jones Industrial Average was down 4.04 at 3,661.68. The more broadly-based Standard & Poor's 500 was up 0.44 at 445.89, the American Stock Exchange composite down 1.74 at 421.07 and the Nasdaq composite fell 1.23 at 717.50. Trading volume on the NYSE came to 1.97m shares.

The Dow fell more than 30 points at one point yesterday before rebounding as investors bought cheap equities in the early morning, while the long

bottom of the market and traders covered their short positions.

Later in the morning the market turned mixed with the Dow momentarily positive, but most of the indices proved unable to hold on to positive territory.

While the stock market worried that another interest rate increase could erode corporate earnings, the bond market was realising the new realisation that the Federal Reserve did indeed intend to hold a firm line against inflation.

The long bond price jumped in the morning before jumping back to gain 4% by midday, while the price of the two-year note showed modest declines.

Stock and bond markets, which have moved in tandem for much of this year, continued their recent decoupling as stocks skidded sharply in the early morning, while the long

bond shot upward before falling off slightly. The stock market continues to alternate between moving with the bond market and acting as a mirror image of it.

Financial troubles in Orange County continued to trouble the market yesterday. Stocks were volatile all week amid uncertainty over the ramifications of huge losses made by the California county and its declaration of bankruptcy on Tuesday night.

Also causing worry in the market were fears that individual investors may begin to pull money from mutual funds in the wake of several sharp sell-offs, including a loss of nearly 50 points on Thursday.

Technology stocks received a boost from figures showing rising demand for semiconductors.

Texas Instruments gained

0.1% at \$71.4, National Semiconductor rose 3% at \$17.1% and Applied Materials increased 3% at \$45. Intel, however, lost 5% at \$62.62.

Cyclical stocks were mixed.

United Technologies dropped 3% at \$58.4, Caterpillar up 3% at \$51.5 and Goodyear Tire & Rubber lost 3% at \$32.5. Shares posting gains included Hewlett-Packard, up 3% at \$94.4, Dow Chemical 3% at \$62.7, Roadway Service, which is traded on the Nasdaq, 3% at \$43.5 and Motorola 3% at \$55.6.

Canada

Toronto was lower at midday although shares managed to climb out of earlier troughs. The TSE 300 composite index was down 3.70 at 4,029.17 yesterday in volume of 2.8m shares.

EUROPE

Global airline stocks follow Wall Street lead

Problems peculiar to the short-haul market in the US hit airline share prices around the world yesterday, after falls in Continental Air and Southwest Air in New York overnight, writes *Our Markets Staff*.

In Europe, KLM dropped 1.60% or nearly 4 per cent, to F14.60 and Lufthansa to DM42.30, or 2.2 per cent, to DM36.20. This had nothing to do with European airline operating conditions, and everything to do with fragile bourse sentiment, said Mr James Halsall, airline analyst at SBC.

FRANKFURT also saw weakness in carmakers as the Dax index lost 13.88 to 2,028.33 on the session, and slid further to an this indicated 2,024.19 by the end of the afternoon, down 0.8 per cent on the week.

Turnover fell from DM4.5m to DM4.3m. In the automotive sector BMW lost DM11.50 at DM73.8, Conti DM5.90 at DM21.50, Daimler DM13.50 at DM73.6 and Volkswagen DM6.50 at DM41.0.

At Lehman Brothers Mr Christopher Will, the motor industry analyst, said the carmakers were following a trend evident across Europe. "Car stocks have underperformed generally since cyclical saw their

peak in April, but they have been extremely vulnerable in recent weeks."

Mr Will added that institutions were being cautious about the sector, perhaps on the prospect of relatively modest profits recovery in 1995. "But this might be the time to buy," he said, "given that in a month's time, people will be looking at prospects for 1996."

MILAN fell to an 11-month low as worries resurfaced about the outlook for the Berlusconi government and its budget prospects. The committee lost 12.05 to 63.52, down 0.8 per cent on the week.

PARIS continued to track the US situation and the CAC 40 index fell 1.70 to 1,936.39, for a week's decline of 2.0 per cent. Turnover was down 0.7% on Friday.

Michelin eased FF17.70 to FF16.22, a good volume.

Outside the CAC-40 index Eurotriument went against the trend, rising 95 centimes to FF22.85, on news that the company would get permission to run passenger flights to Lille to L4.457.

Against the trend, Cartier

Burg, the paper group, put on L12 to L10.450, taking its rise over the last two sessions to 6.4 per cent. Mr Roger Hornett at

Michelin said FF17.70 to FF16.22, a good volume.

SWITZERLAND saw trading with the firm dollar and bond futures limiting losses. The SMI index lost 1.3 to 2,570.0, with Well Street and the Orange County index down 1.75 to 1,750.

Anglo lost E5.50 to E22.3, SAB E2.50 to E25.50 and Kloof E1.75 to E2.50.

ASIA PACIFIC

Hong Kong off 3.5% at year low

Tokyo

Stocks fell precipitously near the end of the session, wiping out early gains and putting the Nikkei 225 below 19,000 for the first time since December 2, writes *Robert Paton* in Tokyo.

After closing above 19,000 all week, the 225 index slid 20.74 under a barrage of arbitrage unwinding to finish at 18,978.30, having moved between 18,940.15 and 18,972.29 during the session.

When futures started to tumble in the afternoon due to position covering, the market was deluged by arbitrage-related sales, pushing prices lower.

Volume on the first section soared to an estimated 422m shares, more than twice the 211m shares traded on Thursday. Brokers attributed more than half the day's volume to foreign investors worried about rising US interest rates and fallout from the Orange County bankruptcy.

The futures market pointed to further declines. The Decem-

ber share index contract ended at a discount to the physical market at 7,750, down 23 in heavy volume.

Shares fell across the board with mainland China companies hardest hit. Investors feared that China's entry into Gatt would be delayed, damping opportunities for mainland companies. The Hang Seng China Enterprises index fell 4.95, or 4.3 per cent, to 112.56.

SINGAPORE fell 1.8 per cent to its lowest level since April as fund managers followed the trend seen elsewhere, selling stocks to raise cash.

The Straits Times Industrial index closed 37.40 lower at 2,102.28 but off an intra-day low of 2,078.33. The index fell 6.1 per cent over the week.

KUALA LUMPUR finished at a 13-month low as foreign investors continued to sell blue chips. The composite index closed 14.68 points lower at 91.02 for a 6.8 per cent fall on the week.

AMONG the movers BHL lost 44 cents to A\$18.55, CRA 26 cents to A\$17.18 and News Corp 13 cents to A\$4.97.

MANILA mirrored other markets with a decline of 51.49 in the composite index to 2,501.87, slightly up since the previous Friday after a strong performance earlier in the week. Petron dipped 3.8 per cent to 19.75 pesos while PLDT shed 2.2 per cent to 1,275 pesos.

Roundup

The region was sharply weaker following Wall Street's overnight loss.

HONG KONG closed a dismal week with a further 3.5 per cent decline to record another low for the year. The Hang Seng index lost 297.24 to 7,788.67, down 5.2 per cent over the day. Nintendo sold Y200 to Y5700.

In Osaka the OSE average fell 197.18 to 20,984.20 in volume of 29.4m shares.

FT-ACTUARIES WORLD INDICES

Compiled by The Financial Times Ltd, Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of lines of stock

US Day's Change

Pound Sterling Yen DM

Local % chg. % chg.

MARKETS REPORT

Dollar steady

Concern about Orange County bankruptcy developments and weak US stocks kept the dollar trading in a narrow range yesterday, writes Philip Gash.

With no fresh economic data to trade off, markets had a quiet day. The dollar closed in London at DM1.5773, from DM1.5777, and at Y100.165 from Y100.465.

The most interesting event was the decision by parliamentary supervisors in Finland to reject a proposal by the central bank to raise the base rate by 50 basis points to 8.75 per cent. The bank did, however, raise its key money market rate, the target rate, to 5.5 per cent, from 5.01 per cent.

Sterling finished the day slightly weaker, constrained by political worries and an opinion poll showing the Labour Party with a 3.3 percentage point lead over the ruling Conservative party. It closed at DM2.4601, from DM2.4674.

In Europe, the D-Mark finished

ing slightly weaker against most currencies.

Ms Sirka Hamalainen, Bank of Finland governor, downplayed the significance of the rejected base rate increase. She said the tender rate was "much more important" from a monetary policy perspective.

Ms Hamalainen said the base rate was more an instrument for distribution of income than a key monetary tool.

It stood at New York

Dec 9 - Last - Prev. close -
Sept 1,5616 1,5636
1 mth 1,5612 1,5636
3 mth 1,5608 1,5633
1 yr 1,5610 1,5623

Source: Bloomberg

Lynch global investor survey, conducted on December 1, reveals some interesting currency portfolio shifts. The survey shows that since the third quarter, global fund managers cut back some of their overweight exposure to the D-Mark, while lifting modestly their exposure to the US dollar. Investors are now similarly weighted in both dollars and D-Marks.

Investors "significantly raised" their exposure to the British pound, and appeared most overweight in the A\$/NZ\$

account trends.

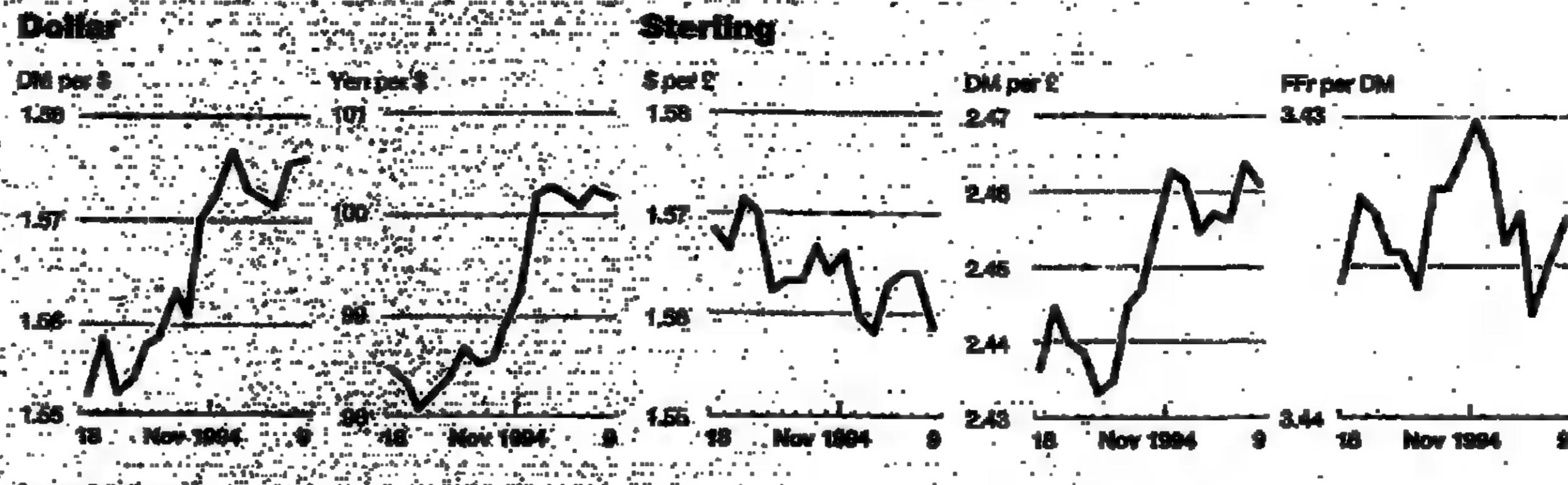
and the Canadian dollar.

The survey said that investors continued to be very overweight the Japanese yen. This is a function of it being overvalued on a purchasing power parity (PPP) basis. Merrill Lynch point out that PPP is a particularly poor criterion for valuing the yen, which moves more closely in tandem with Japan's long-term current account trends.

The biggest portfolio shifts occurred in the non-D-Mark continental European currencies (French franc and Italian

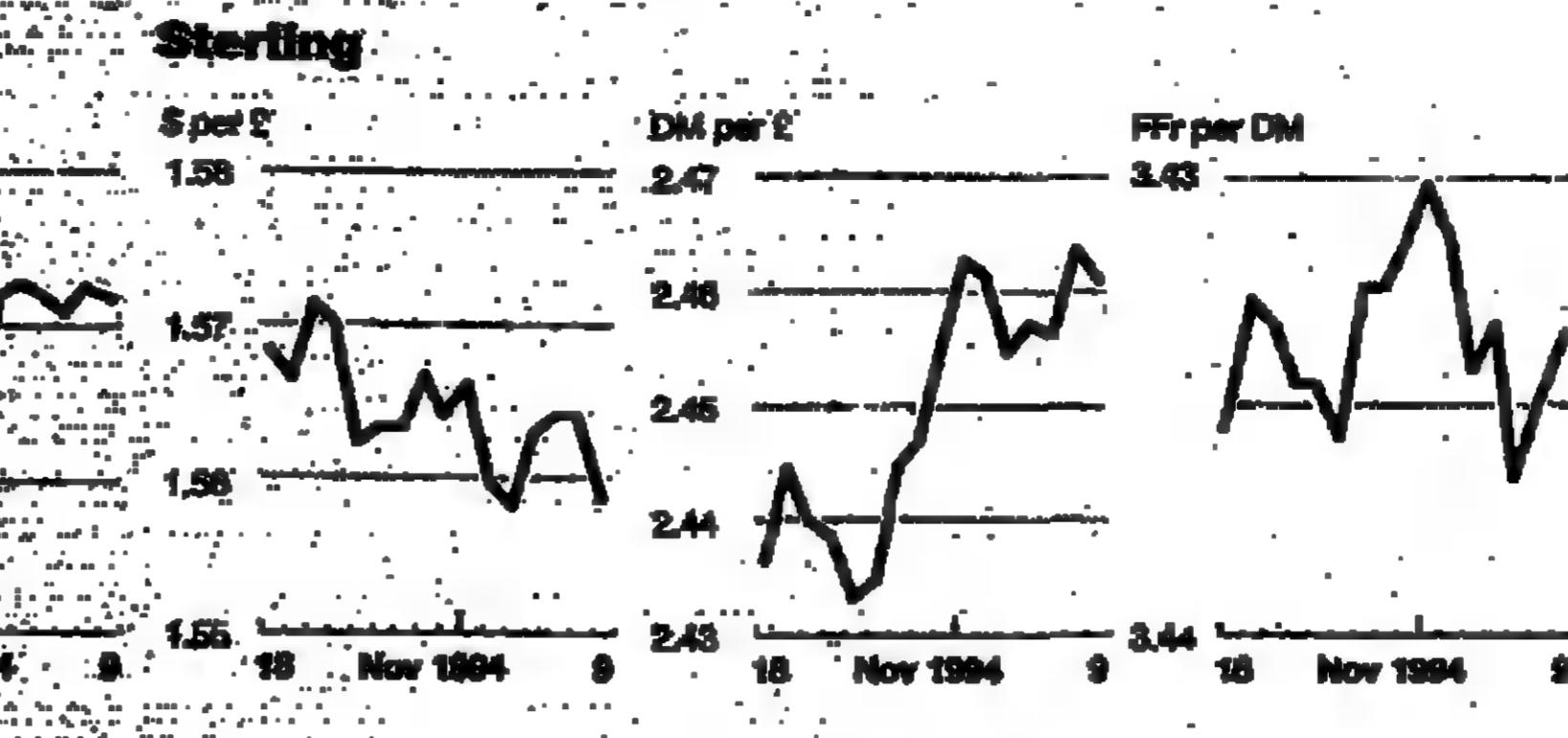
CURRENCIES AND MONEY

Dollar



Source: Bloomberg

Sterling



Source: Bloomberg

Financial Times

WORLD INTEREST RATES

MONEY RATES

December 8	Over night	One month	Three months	Six months	One year	Lomb. Int.	Dis. rate	Repo rate
Belgium	5%	5%	5%	5%	6%	7.40	4.50	
week ago	4%	5%	5%	5%	6%	7.40	4.50	
France	5%	5%	5%	6%	6%	5.00	4.75	6.75
week ago	5%	5%	5%	6%	6%	5.00	4.75	6.75
Germany	5.00	5.30	5.30	5.43	5.75	6.00	4.50	4.65
week ago	5.05	5.30	5.30	5.28	5.58	6.00	4.50	4.65
Ireland	5%	5%	5%	5%	5%	7.10	-	4.25
week ago	5%	5%	5%	5%	5%	7.10	-	4.25
Italy	6%	6%	6%	6%	7%	7.50	8.20	
week ago	6%	6%	6%	6%	7%	7.50	8.20	
Netherlands	4.84	5.34	5.34	5.67	5.84	-	5.25	-
week ago	4.84	5.34	5.34	5.54	5.84	-	5.25	-
Switzerland	3%	4%	4%	4%	4%	4.025	3.30	
week ago	3%	4%	4%	4%	4%	4.025	3.30	
US	5%	5%	5%	5%	5%	4.75	-	4.75
week ago	5%	5%	5%	5%	5%	4.75	-	4.75
Japan	2%	2%	2%	2%	2%	1.75	-	1.75
week ago	2%	2%	2%	2%	2%	1.75	-	1.75

EURO LIBOR FT London Interbank Offered Rate

week ago - 6% 6% 6% 6% 6% 6% 6% 6% 6%

US Dollar CDs - 5.85 6.00 6.56 7.31 - - -

week ago - 5.85 6.00 6.49 7.19 - - -

SDR Linked Ds - 4% 4% 5% 5% - - -

week ago - 5% 4% 3% 4% - - -

ECU Linked Ds and rates: 1 MDT 53.3 mill; 3 mth 58.8 mill; 6 mth 61.1 mill; 1 year 69.5 mill. LIBOR interest rates are for 1 month. The latest are for 1 month. The Bank of Tokyo, Barclays and National Westminster Bank rates are shown for the domestic Money Rates, US CDs and SDR Linked Deposits (Ds).

Mid rates are for the US Dollar and Yen, others: two day's notice.

Short term rates are set for the US Dollar and Yen, others: two day's notice.

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INSURANCES

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Friday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5pm on Thursday and settled through the Stock Exchange Telexman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4.2(p) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

• Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

Treasury 13.4% Gnd Lst 2000/08 - E1221

Exchequer 10.9% Gnd Lst 2005 - E1152

Corporation and County Stocks

Birmingham Corp 9% Gnd (for sale) - E51

British N�roporat Borough Council 7% Lst

Lst 2010 (Flag) - E112 - E2346

Leicester City 7% Lst 2000/Reg - E112 - E2049

Merseyside 11.6% Red Gnd 2007 - E1154 - E2049

Salisbury City 7% Lst 2010/Flag - E2049

UK Public Boards

Agricultural Mortgage Corp PLC 5.2% Deb

Gas 2000 5.2% Inv. St - E22 (2044)

Metropolitan Water Metropolitan Water 5% A

St 52/2003 - E572

Foreign Stocks, Bonds, etc (coupons payable in London)

Abbay National Sterling Capital PLC 1.1% Gnd

Gas 2000 5.2% Inv. St - E22 (2044)

Abbay National Treasury 5% Gnd Gnd

Nts 1995/96/1000/1000/1000/1000 - E252

Abbay National Treasury 5% Gnd Gnd

Gas 2000 5.2% Inv. St - E22 (2044)

Abbay National Treasury 5% Gnd Gnd

Nts 1995/96/1000/1000/1000/1000 - E252

Associated British Ports PLC 10% Gnd

Gas 2010/2000/2000/2000/2000 - E1015

BP America Inv 9.5% Gnd Nts 1995/96 E

Gas 2010/2000/2000/2000/2000/2000 - E252

Bartsch Corp PLC 0.75% Undecl Subord

Nts - E57 (2044)

Bartsch Corp PLC 0.75% Undecl Subord

Nts - E57 (2044)

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Nts 2000/2000/2000/2000/2000 - E1020

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Bartsch Corp

JUL 15/94

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

Admiral Fund	100.0

LEISURE & HOTELS - Cont.

Admiral Fund	100.0

OIL EXPLORATION & PRODUCTION - Cont.

Admiral Fund	100.0

OIL, INTEGRATED

Admiral Fund	100.0

OTHER FINANCIAL

Admiral Fund	100.0

LIFE ASSURANCE

Admiral Fund	100.0

MEDIA

Admiral Fund	100.0

OTHER SERVICES & BUSINESSES

Admiral Fund	100.0

PHARMACEUTICALS

Admiral Fund	100.0

RETAILERS, FOOD

Admiral Fund	100.0

PROPERTY - Cont.

Admiral Fund	100.0

RETAILERS, GENERAL - Cont.

Admiral Fund	100.0

TRANSPORT - Cont.

Admiral Fund	100.0

SPIRITS, WINES & CIDERS

Admiral Fund	100.0

WATER

Admiral Fund	100.0

AMERICANS

Admiral Fund	100.0

CANADIANS

Admiral Fund	100.0

TELECOMMUNICATIONS

Admiral Fund	100.0

TEXTILES & APPAREL

Admiral Fund	100.0

TRANSPORT

Admiral Fund	100.0

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Major calls on Tory MPs to end 'squabbling'

By Philip Stephens, Political Editor, in Essen, and James Blitz

Mr John Major acknowledged yesterday that his government's remaining hopes of political recovery rested on an end to the Tory civil war over Europe as senior ministers disclosed plans for a new strategy to unite the party.

The prime minister, speaking at the summit of European Union leaders in Essen, Germany, warned Conservative MPs that the electorate did not expect "the governing party to squabble".

Blaming a string of by-election defeats on the feuding, and anticipating another loss in Dudley West next week, he said he understood the voters' anger. In a reference to the recent back-bench rebellions over Europe and over Mr Kenneth Clarke's Budget, Mr Major said pointedly that Conservative MPs had been elected to support the government. He added: "I think it is time it (the squabbling) stopped."

His comments came at the end of a week which has seen Labour's lead over the Conservatives in the opinion polls jump to the highest level recorded by any

political party in the postwar period. They followed the government's ignominious parliamentary defeat over value-added tax on domestic fuels.

But there was little sign that Mr Major's call for discipline was being heeded by rebel Tories. Mrs Teresa Gorman, MP for Billericay, said the prime minister could not drive his party into policies which it wanted to reject.

Mr George Gardiner, chairman of the Whipless wonders: rebels in the news... Page 8

the rightwing 92 group of Tory MPs, who has been at the centre of a row over claims that he plotted to remove Mr Major from the leadership, said: "This kind of paranoia, where you get one group of the prime minister's supporters attacking another group, really doesn't help us at all."

The concern within the Cabinet that divisions over Europe could destroy hopes of a political recovery has led to an acceleration of work on Britain's negotiating stance for the EU's 1996 intergovernmental conference. Mr

Caribbean nations win day after US banana drama

By George Graham and Stephen Fidler in Miami and Connie James in Kingston

The tiny nations of the Windward Islands stared the US in the eye this week, and it was Washington that blinked.

The US has backed down in a hard-fought battle over bananas to maintain harmony at this weekend's summit of the Americas in Miami.

President Bill Clinton had boasted that the meeting would bring together every democratically elected leader in the western hemisphere and exclude only President Fidel Castro of Cuba.

But the anger of Dominica, St Kitts, St Lucia and St Vincent at US opposition to their preferential bananas export deal with the European Union had put that in peril.

The EU's banana import regime favours ACP countries - African, Caribbean and Pacific nations which are mostly former colonies - over Latin American producers and US-owned banana multinationals.

A full house was only assured when the US agreed at talks in Geneva not to oppose the EU's request for a waiver from the terms of the newly completed General Agreement on Tariffs and Trade for the banana regime.

The US has now withdrawn its reservations in Geneva and come up with a form of words in Gatt that we can live with," said Mr James Mitchell, prime minister of St Vincent and the Grenadines. "We are satisfied that this banana hurdle is moving out of the way."

With this obstacle removed, Mr Clinton said the Miami summit is expected to agree to "begin immediately to construct the Free Trade Area of the Americas in which barriers to trade and investment will be progressively eliminated". Negotiations would be completed by 2005.

"Here in Miami we have the chance to act and we're going to take it," Mr Clinton said as he welcomed his guests in the art deco district of Miami Beach.

"By the year 2005 we will be selling more to Latin America than to Japan and Europe." He hailed a "dazzling opportunity to build a community of nations".

The meeting started yesterday in the 1920s splendour of the Biltmore Hotel where Al Capone and the Duke of Windsor stayed, and will move on today to the Italianate Vizcaya mansion on Biscayne Bay.

The summit is the first to bring together the Americas since a meeting at Punta del Este, Uruguay, in 1987, when 10 of the leaders represented were military dictators.

"Today, 34 of the leaders have won their posts through ballots, not bullets," Mr Clinton said.

Nafta aims for swift Chilean entry, Page 3

Project Hawk, Page 10

Jobs split in bank merger

Continued from Page 1

proposed merger, with many predicting that it would flush out rival offers. The formation of a joint company means that the premium price from an outside bid will not be paid.

"On the surface it looks as if Morgan Stanley is getting control of a damn good business very cheaply," said one shareholder.

Most institutions believe the move makes strategic sense, but is risky. "These mergers are an incredibly difficult and dangerous business. With so much money and so many egos at stake they can go horribly wrong," said one shareholder.

The two firms are still working on the management structure of the new bank, after being forced to disclose the merger talks two weeks early when rumours in London led to a sharp rise in Warburg shares.

Some Warburg executives believe that they retain a strong measure of geographical control over European operations in the new bank, although global responsibility is also likely to be allocated for functions such as equity broking.

RJB raises £894m to secure coal pit deal

By Michael Smith

RJB Mining, the coal company, yesterday confounded critics of its controversial bid for British Coal's English regions by announcing it had signed a purchase deal with the government and raised the £20m needed to

buying 80 per cent of the 125m shares on offer.

The share issue will raise £40m. In addition a banking syndicate including Barclays, Chemical and Midland has agreed to lend the remaining £264m. RJB needs £284m to pay the bid price and provide working capital.

The shares are being issued at 320p, 20p less than the 340p which BZW had previously told

institutions.

Some analysts said the price fall suggested that placing the shares had proved more difficult than expected. BZW said the pricing price reduction reflected market conditions.

However even analysts who have been sceptical about the bid said the level of support suggested the price of RJB's shares would be steady, assuming a reasonable market, when trading in them resumes on December 30.

Of the shares being issued, 85 per cent have been sold to institutions and the rest placed conditionally. This is to allow small investors up to 15 per cent.

Project Hawk, Page 10

Deutsche Telekom chief is to quit early

Continued from Page 1

French state-owned operator. There was no suggestion that Mr Riecke's sudden departure was connected with press reports this week alleging that several thousand Deutsche Telekom employees were working with criminal

gangs to siphon off the charges from overseas phone calls.

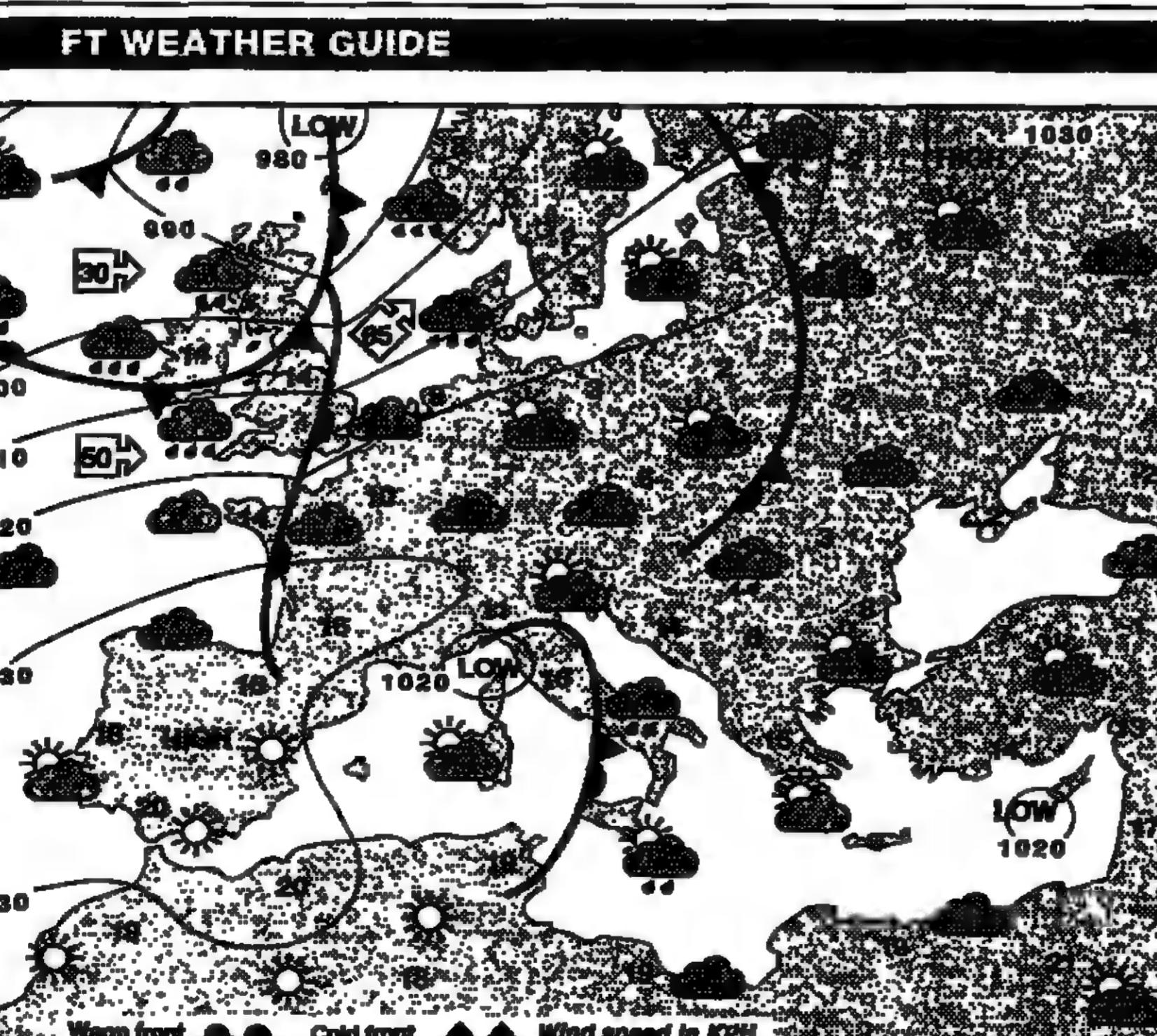
Deutsche Telekom has had little luck with recent senior appointments. Mr Dieter Gallist, the board member who dealt with private clients, died earlier this year, and Mr Horst Gellert, responsible for corporate clients,

is leaving to take charge of Detec, a subsidiary.

Mr Riecke previously worked for Loewe Opta, a leading manufacturer of telecoms equipment, and had been appointed because he was the only representative of medium-sized business on a Telecoms advisory council.

"Today, 34 of the leaders have won their posts through ballots, not bullets," Mr Clinton said.

Nafta aims for swift Chilean entry, Page 3



Europe today

A strong westerly flow will bring a series of fast-moving depressions from the Atlantic. A front from one low pressure zone moving towards the Norwegian Sea will bring rain to the UK. The Benelux, Germany and northern France will have sunny periods before rain arrives this afternoon and evening. High pressure will give sunny periods over central and southern Europe but the Alps will be rather cloudy with scattered snow on higher slopes. The northern Balkans will have a few showers. Scandinavia will have brief sunny periods before snow develops in the north. Temperatures in southern Scandinavia will rise slightly above 5C.

Five-day forecast

Mild and moist air will continue to be drawn into the UK and the continent. Western and northern Europe will be rather unsettled, with rain interspersed with broken cloud and gusty winds. Most of Scandinavia will have intermittent snow. The Mediterranean area will be mainly calm and sunny, although eastern parts will have showers.

TODAY'S TEMPERATURES

	Maximum	Beijing	fair	8	Caracas	fair	90	Faro	sun	20	Madrid	fair	16	Rangoon	sun	29	
Abu Dhabi	sun 24	Belgrade	shower	6	Casablanca	fair	18	Geneva	cloudy	11	Malta	shower	18	Rio	fair	28	
Acra	sun 30	Bogota	fair	3	Chicago	fair	3	Gibraltar	sun	14	Manchester	rain	14	Rome	shower	18	
Algiers	fair	Bonn	cloudy	22	Edinburgh	cloudy	21	Hamburg	fair	4	Madagascar	cloudy	20	Paris	fair	14	
Amsterdam	cloudy	10	Bogota	cloudy	21	Dakar	sun	27	Helsinki	fair	5	Melbourne	sun	22	Singapore	cloudy	32
Athens	fair	17	Bombay	sun	33	Dates	rain	24	Hong Kong	fair	25	Milan	fair	28	Stockholm	fair	5
Atlanta	fair	15	Brussels	cloudy	9	Deli	sun	24	Honolulu	fair	12	Milan	fair	12	Strasbourg	cloudy	10
B. Aires	thund	34	Budapest	shower	4	Dubai	sun	24	Honolulu	fair	12	Milan	fair	12	Sydney	cloudy	22
B. Bonn	fair	33	Calgary	rain	5	Dubai	sun	24	Istanbul	fair	11	Montevideo	fair	17	Tel Aviv	fair	15
Berlin	fair	33	Calgary	sun	10	Dubrovnik	shower	14	Edinburgh	fair	17	Montevideo	fair	14	Tokyo	fair	13
Barcelona	fair	18	Cape Town	fair	28	Edinburgh	rain	14	Jersey	cloudy	9	Naples	cloudy	24	Toronto	fair	1

The airline for people who fly to work.

Lufthansa

THE LEX COLUMN

GEC steams ahead

GEC exudes quiet confidence. At the

half year, operating profits are up 13

per cent and turnover up 16 per cent -

a creditable performance for a com-

pany so often accused of losing

momentum. The trio of core busi-

nesses is in rude health. Telecommu-

nications is positively buoyant, with

profits up 22 per cent in the first half.

Profits at electronic systems may be

flat at present, but future earnings

will benefit from a crop of contracts

poised to come out of the develop-

ment phase. Likewise, a head of steam

is building up behind GEC Alsthom.

All this is encouraging for share-

holders, who have suffered under-

performance of more than 50 per cent,

taking a 10-year view. But it will not

be enough to inspire a re-rating. GEC's

\$2bn of cash earns a low return and

medium-term earnings growth will be

pedestrian, if solid. For so rich a com-

pany, GEC's dividend payouts are not

generous, even if there has been a

gentle decline in cover over the years.

Dividend growth, for this year and

next, is not likely to match that of the

market. For that reason it is appropri-

ate that the shares stand at a 20 per

cent prospective yield premium to the

market.

The lacklustre outlook for the

shares could change if the company

chose to give some of its cash to

investors. Lord Weinstein, GEC's

managing director, sees the \$2bn as a

cash hilllock - but it looks mountainous

in the eyes of covetous sharehold-

ers. But

الجمعة 150

COLUMN
ams ahead

Some time in the next 10 days, HMS Vanguard, Britain's first Trident submarine, will slip below the waters of Loch Long and head for the river Clyde. On board will be a crew of 130 officers and men along with 16 Trident intercontinental missiles, each carrying up to six nuclear warheads capable of destroying a city the size of Manchester.

Vanguard had those warheads fitted last week at Coulport, Britain's main nuclear weapons store. It was a delicate operation and the finishing touch to a programme which has taken almost 10 years. Now the warheads are mounted on Trident missiles and a few final tests are being run. When they are completed, Vanguard will simply fade away.

Since the collapse of the Soviet Union, the idea that Vanguard might fire live warheads at a city has come to seem remote, unimaginable, to many people.

But her crew must be ready, day and night, to begin the routine which could kill 100m people, turn Russia's cities into rubble or, if such an order were conceivable, destroy Japan.

To meet this terrible responsibility and the psychological pressure which it brings, Vanguard's all-male crew can draw on the Royal Navy's long traditions of discipline and camaraderie in cramped quarters.

Old habits, which Winston Churchill described as "rum, sodomy and the lash", have given way to a quiet professionalism and confidence that they are up to the challenge. Yet, to be cooped up under water waiting for the end of the world, must be a severe test of any tradition or individual.

The patrol which Vanguard is about to start is the first for Britain's new Trident deterrent, and the crew will be at sea for, what they hope, will be a pretty boring three months. Well away from British waters, Vanguard hopes to cling around the North Atlantic at a steady but silent 4mph, avoiding contact with anyone and waiting for a signal.

If that day comes, the drill for firing the missiles will have been well-rehearsed. A cabinet decision, made on the advice of the chiefs of staff, will be sent to the Royal Navy's command bunker at Northwood near Watford, Herts. In extremis, that decision might have to be made by the prime minister and chief of the defence staff alone. From Northwood the coded message would be sent via the very low frequency radio transmitter in the Midlands to Vanguard.

Once Vanguard receives the launch signal, the captain and weapons officer have to check the coded message against copies locked in the submarine's safe. Both officers then have to use separate keys to give access to another safe which contains the pistol-grip



We all live in a Trident submarine

Bernard Gray meets the men who sleep with nuclear missiles

launch button. The Navy is disturbingly coy about whether the captain and the weapons officer working in collusion could launch the missiles without a valid authorisation from London. However, as the Senior Service, the Navy has in the past resisted the call for "interlocks" which would require a third political key to fire the missiles. A naval officer's word is considered enough.

Legend has it that the firing button on both Polaris and Trident is a Colt 45 trigger. In reality it is a custom-made plastic grip. Hanging next to the safe, is what looks like a standard issue Metropolitan police truncheon. That may well be Britain's last line of

defence against someone running amok with the nuclear trigger.

The codes specifying the targets are fed from the submarine's computers into the missiles. Neither the captain nor the weapons officer knows what the string of numbers means, so they have no idea who will be destroyed by their missiles.

All they will know is that they are using war plan A, B, C or Z. Once the codes are entered the submarine moves up to just below the surface and the missile hatches open.

The captain authorises the firing and the weapons officer uses his pistol grip to launch the missiles in a pre-set sequence.

Trident missiles are blown out of their tubes by an explosive charge. Only when they are out of the water and into the air does the main rocket motor kick in. Half way through the 4,000 mile, 40 minute flight, the missile, clear of the atmosphere, takes a star sight to make sure it is on course, makes any necessary corrections and then fires its warheads towards their separate targets. Each would explode with about 100 times the force of the Hiroshima bomb.

The people who would fire these weapons are, by and large, family men, engaging and likeable middle class graduates who have won success rather than been born to it.

Intelligent and reflective people, the captains are typically in their 40s with weapons officers in their early 30s.

Vanguard has two crews which alternate. Both Commander Peter Wilkinson, who will captain the first patrol, and Commander Jim Boyd, his opposite number, have two daughters. Both have served in submarines for more than 20 years. Provided you steer clear of the subject of the use of nuclear weapons they and their fellow officers would make excellent dinner table guests.

All appear calmly adjusted to the job they are being sent to do. Wilkinson acknowledges his "awesome responsibility". But significantly he goes on to

him. "Nothing has changed in our operations and we always go out fully operational," says Commander Boyd. Some seem almost gung-ho. "If you're not committed," said one weapons officer, "you might as well not be here."

If anything, the Navy seems keen to extend the technique which won the cold war to other areas. Military debate is about sub-strategic deterrent: code for the idea that the use of single nuclear weapons could be threatened to keep tin-pot third world dictators in line.

The enlisted men seem bogged down in the mundane life on board and unconcerned by what they may be called on to do. "Have you read the latest Tom Clancy?" one rating said to another in a thick scouse accent. He was standing next to a missile tube containing warheads which could turn a dozen Russian cities into boiling puddles of radioactive glass. "It's about them hostages in Iran and getting them out with helicopters and that, it's brilliant."

Tom Clancy's books are generally assumed to satisfy the hankering of those who do not know the inside story of military gadgetry and wished they did. Maybe because the reality is so mundane, that existence on patrols is about drills and being tidy and listening for things that you hope are not there. Clancy also serves to retail the myth of hi-tech warriors to the men themselves. Life not so much imitating art as simply wishing it did.

For both officers and men that mundane routine is much as it was in the old Polaris boats. Three shifts work around the clock, monitoring the nuclear reactor, listening at the sonar stations for any sign of ships or other submarines, practising torpedo firings and the missile launch drill, and cruising around at walking pace. For the rest it's eat, sleep and wait for Armageddon.

Conditions are at least somewhat easier on board than on previous submarines because the new fleet has to accommodate the bigger Trident missiles. Vanguard is only slightly smaller than the Invincible aircraft carrier, and at the same time the crew is smaller than on previous boats, as automation - and a desire to save money - have taken their toll.

Still, while it is possible to walk around the boat without seeing anyone, there is never a feeling of being alone.

To give some privacy, a personal stereo is supplied to each crew man, who can listen to music while lying on a bunk

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NEXT WEEK

The British love of soap operas

Joe Rogaly

Who is to judge?

A bargain with public opinion means Myra Hindley should never be freed

Myrha Hindley should not be released. That is easy to say, but, for some of us, painful to contemplate. She was 23 when, along with Ian Brady, then 23, she was sentenced to life imprisonment for the murder of 17-year-old Edward Evans and 10-year-old Leslie Anne Downey. In 1967 she confessed that two other children had been killed. Now in her fifties, she has spent 28 years in prison. Her accomplice was asked not to be let loose but she has repeatedly applied for a time to be drawn under her sentence, most recently in a TV programme this week.

She has paid her debt to society, she argues; she has changed, say those who advocate parole; there is a time for redemption, says the good Christian conscience. In 1966, it is protested, she was young, and under the thrall of her lover. She was forced to participate in sadistic acts. This excuse is disputed; but we need not seek to establish its truth. For none of the above arguments, overrides the social imperative that must determine the case. This is simply put: Justice and mercy come second. Sometimes a government must bow to a popular desire for revenge.

If that awful proposition is ever true, it is true in this case. The details of the four

killings need no repetition here; all who have heard of the Moors murders will know how vile were their perpetrators. The public memory of what happened is enduring. The torture of children cannot be forgiven. It is perhaps fanciful to say that if Myra Hindley was freed her own life would be in danger. It might be possible for her to change her name, and her appearance, and seek the safety of obscurity. Yet she could be no more genuinely free outside Cookham Wood prison in Kent than she is within its walls.

Those of us who are attuned to penal reform, is liberal cannot escape this reasoning. If you oppose the death penalty, as we do-gooders do, you cannot shirk the fact that a majority of the electorate would support it. In Britain, but not the US, that biblical form of retribution is quite properly resisted by the majority of our elected politicians.

We must be thankful for that. But there is a price, an implicit bargain with public opinion. If the House of Commons is to maintain its civilised stance, brutal killers must be given particularly long sentences, including, in the worst cases, detention for the rest of the murderer's natural life.

In this matter, although in few others, my view is in accordance with that of Mr

Michael Howard. Following a recent ruling in the House of Lords, the home secretary is obliged to tell MPs just how much time they are likely to serve. It is suggested that about a score of the most notorious murderers, including the Moors killers, will be informed that they will never be released. Others may have to endure more years in jail under Mr Howard's rules than

under those of his predecessor.

The implications of this harsh regime must be faced, particularly by those of us who reject the home secretary's contention that "prison works". To deny anyone freedom is to deny him or her one of the principal attributes of life. Most British jails are not the cushy hotels depicted in tabloid newspapers. Many are overcrowded, grim, austere. They are in the words of an earlier home secretary, universities of crime. The inmates may not be stealing car radios

or burgling homes while locked up but many of them are more than make up for lost opportunities once they are back in general circulation. Prison does work, but perhaps.

Britain has a higher proportion

of its population in jails

than any other country in the European Union save Luxembourg. This has not reduced crime, nor made people feel safe. That is why a succession of Conservative home secretaries focused more on prevention than on get-tough measures. The balance of the rhetoric of the present incumbent is the other way. Mr Howard's record at the home office would long ago have had him flung out of any cabinet save one so divided and desperate as his own.

It is possible that when he announces his decisions on lifers, he may be challenged in the European court of human rights in Strasbourg. He probably should be. To say that those who commit particularly ghastly murders should be given "life means life" sentences is not to accept that the power of incarceration should be in the hands of a minister.

Sentencing is properly the job of the courts, not elected politicians. At present there are two types of life. "Discretionary" life sentences may be imposed for crimes such as rape, or manslaughter. Judges

decide the term. In cases of murder, life sentences are "mandatory," which means that the home secretary can determine the length of incarceration. Various advisory committees, including the parliamentary all-party penal affairs group and a select committee of the House of Lords, have suggested that all life sentences be discretionary.

This might not have made any difference in the Hindley-Brady case. Most judges are as politically aware as any minister. The power to impose full life sentences would certainly be exercised in the worst cases. These, fortunately, are rare. Against that there are types of murder, including, perhaps, crimes of passion, for which a compulsory life sentence is inappropriate.

Finally, we face children

who kill children. The recent decision by Mr Howard to increase the length of detention of the murderer of James Bulger from the judge's eight years to 15 is questionable. Mary Bell, convicted at age 11 of the manslaughter of two boys aged three and four, spent 11 years in detention and now, aged 36, lives under an assumed name. You may challenge me to say which outcome I support - the 11 years imposed in the earlier case or the minimum of 15 years imposed now. I cannot; perhaps only a judge can.

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INSTRUMENTS FOR PROFESSIONALS

PERSPECTIVES

Internet's surf city – here we come

First get a modem, writes Paul Taylor, in the first of a series on how to get connected to online databases

Judging from the rash of newspaper and magazine articles about the Internet recently, it seems as if almost everyone with a personal computer is dialling up, logging on and "surfing the net".

In the UK alone, three new magazines dealing with the Internet – the informal system of computer networks which connects databases and computers across the globe – have been launched in the past two months.

Subscriptions to organisations which provide Internet access are rising by more than 10 per cent a month and sales of modems, the electronic devices that enable personal computers to communicate over a telephone line, are soaring. But, for many owners of personal computers, the online world remains a mysterious and intimidating environment of technobabble and acronyms. The first step to entering this world is selecting a modem.

There are two forms of modem – internal and external. Internal modems plug into one of the spare card slots found inside most PCs, while external modems are connected to the PC's communications or serial port by a cable. Both need to be plugged into a spare telephone socket.

For anyone buying a new computer and intending to explore the online world it makes sense to buy a machine with an internal modem already installed.

If you are planning to add a modem to an existing PC set-up the conventional wisdom is that external modems are easier to install and monitor because they are more accessible. Installing an inter-

nal modem means opening up the PC and plugging in the card.

But the advantages of an internal modem are that it does not take up extra desk space and it will include the high-speed chips that handle communications between the latest high-speed modems and the microprocessor "brain" of the PC. Some fast external modems may still need a spe-

cial high-speed serial card installed inside the PC.

The other crucial decision for would-be PC communicators is how fast a modem to buy. One simple answer is the fastest one you can afford.

Modems are rated according to how quickly they can exchange data over a telephone line. A modem's speed is expressed either in terms of its baud rate – which, at lower speeds, is roughly equivalent to bits (of data) per second – or by reference to the V series standards which have been set by the international telecommunications authorities.

The most common modem speeds are V22 or 1,200 baud, V22bis or 2,400 baud, V32 or 9,600 baud, V32bis or 14,400 baud and the latest standard,

19,200 or 28,800 baud. Each step up effectively doubles the modem speed and therefore halves the amount of time it takes to send a particular message across a telephone wire.

Faster speed means less waiting for files to be transferred and, in most places, other than the US where local telephone calls are free, cheaper telephone bills.

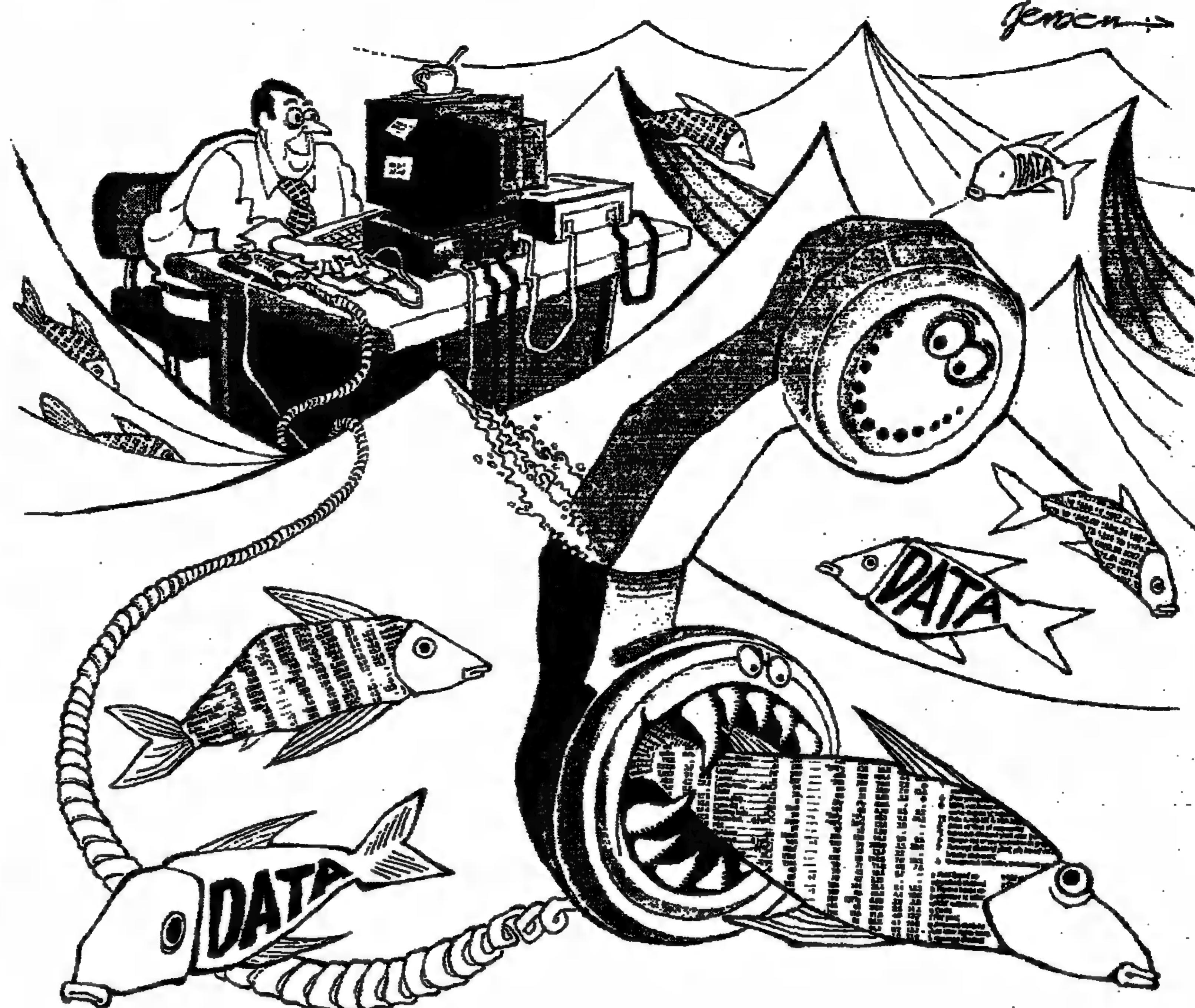
Until recently, many modems – and most online databases – only operated at a speed of 1,200 baud or 2,400 baud. However the current business standard is for data transmission at 14,400bps and the modem purchaser today should aim to buy a modem capable of this speed.

Modems used to be expensive, partly because telecommunications authorities in many countries insisted on their own testing procedures before they would allow equipment to be connected to their networks.

In the UK, modem designs must be tested. Approved modems carry a green British Approvals Board for Telecommunications (Babt) sticker. In the past, many modem manufacturers used this requirement as an excuse to charge premium prices.

However a flood of "illegal" imports from overseas which did not carry the Babt sticker but nevertheless worked perfectly well, forced modem manufacturers to reassess their pricing policies.

As a result, Babt-approved modem prices in Britain have fallen sharply over the past year and a fast 14,400 baud modem from a mainstream manufacturer such as US Robotics, Zoom, Dataflex, MultiTech, Pace or Pace can now be



bought through a magazine advertisement for £150 or less.

Once you have bought a modem, the next task is to connect it to your PC. Most modems are factory pre-set to respond to signals sent by the microprocessor to the Coms 2 port of the PC – on many PCs the mouse is connected to the Coms 1 port.

If, however, the modem is pre-set for a different port, or the Coms 2 port is already

occupied by another device, it may be necessary to reset tiny switches on the modem called "jumpers". The documentation that comes with the modem you buy will explain how to do this.

The communications software – which determines how the two modems talk to each other – will also need to be set up for the correct communications port.

Any PC owner running

Microsoft Windows already comm Plus or Hayes Smartcom are also available, at a cost of about £50. Many modems are now sold with communications software, and sometimes with introductory membership to an online service such as CompuServe or Delphi.

CompuServe, one of the largest online services, like most of the other US-based online service providers, supplies its own dedicated Windows communications software. CompuServe's

is called WinClim.

However a standard communications package is all that is needed to log on to many of the hundreds of private or commercial bulletin board systems. For full access to the Internet, additional communications software, available from most internet service providers, may also be needed.

■ Next week: Signing up with online services

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Minding Your Own Business

Pole position for growth

Clive Fewins finds out why Antarctic explorers make tracks for Tetbury

When things are at a low ebb in the workshop, the thoughts of Richard Olivier and Roger Daynes turn to the Scott Polar Research Institute at Cambridge, where one of their Nansen sleds lives, much admired, in retirement.

It is the veteran of a 3,700-mile international trans-Antarctic dog sled expedition in 1898-90 – the longest dog sled journey ever made.

Snowsled, the company Olivier and Daynes own jointly, supplied the sled, one of three used by the six-man team. The other two were American Greenland-type sleds. When, in mid-transit, the American sleds broke up on the crevassed terrain, Snowsled was asked to replace it with another of its Nansen models.

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Daynes, 52, and Olivier, 44, have been making sleds and other expedition equipment since 1987. The irony is that they had confined only making sleds they would probably not be in business now.

Olivier, a joiner and outdoor pursuits enthusiast, and Daynes met in 1986. Initially, Daynes continued running his carpentry business in North Wales, commuting for part of the week to help Olivier in his Gloucestershire workshop.

An order with £9,000 from the British Antarctic Survey (BAS) in 1987 for two complete Nansen sleds, 130 bridges and many components, convinced the two that their future lay in making sleds together.

Later the same year, Daynes moved house and joined Olivier in his workshop – a converted 18th-century barn on Prince Charles's estate at Highgrove House near Tetbury.

"BAS was bowled over by the workmanship in our Nansen sledges," said Olivier. "They particularly liked the strength, the traditional lashings, and the way we had adapted a 3,000-year-old design that displays great flexibility and strength when pulled at up to 20mph by snowmobiles."

"Neither of us was really a businessman," Olivier said. "We could not see that, although we continued to get orders for very high specification sleds, we were not going to make money unless we diversified."

By 1989, turnover had reached £250,000, but after the two had drawn £10,000 each in wages they found there was no profit at the end of the year.

"We had an annual order from BAS and also from its American equivalent – about £30,000 in total," Daynes said.

"We also had a useful order from the sponsors of the 1988 International Trans-Antarctic Expedition for 40 mini-Nansen sledges at £400 a time, for sale in stores in the US. But still we were struggling to keep going."

"We started to complement the sleds by making glass fibre pulks (lightweight, kit-carrying sleds), but in 1989-90 the business was still making no profit and we both drew no wages."

In 1991, the pair formed a limited company. They bor-

rowed £20,000 from Lloyds Bank under a small business loan guarantee scheme and a further £20,000 from friends, all of whom have a share option in the company. They also run a £15,000 Lloyds overdraft.

The money helped them to build up stock and to begin trading seriously in the Ventile high-performance clothing they had been experimenting with for the past two years.

Ventile is a highly resilient cotton fabric. During the second world war, it was found to increase greatly the life expectancy of pilots who had been shot down over the sea.

Early in 1988, Snowsled took on two women full-time to make Ventile clothes. Sir Randolph and Mike Stroud were Snowsled Ventile clothing crossing the Antarctic on foot that year.

The clothing has the potential

for volume production and it was while investigating this that the two fell out of their depth. Early in 1991 they commissioned a marketing survey for £1,000. "Although much of it told us things we already knew, it made it clear where our efforts were best placed," said Olivier.

Unfortunately, the report urged them to give up manufacturing the dog touring and racing sleds they had enjoyed making since 1988. "We think they are lovely creations. But we sell them in very small numbers, so now our policy is to make them only to order," Olivier said.

The other main recommendation of the survey was to place far greater emphasis on marketing – in which they knew they had few skills.

"Early this year, we employed a man with a great deal of marketing experience to work for us for three days a month at a fee of £1,000," Olivier said. "After two months he came up with nothing, so we let him go. He was hurt to the quick and left. We felt relieved."

Despite a year in which cutbacks in their national Antarctic surveys have meant smaller sleds from the British and American governments, Snowsled has sold equipment to Japan and Brazil.

However it has been a good year for the Ventile clothing, which is likely to account for between 60 per cent and 70 per cent of this year's expected turnover of £150,000.

The two are also optimistic about the future of two survival and protection systems – a vacuum mattress stretcher for spinal injuries and a lightweight rescue stretcher – in which they have invested much time. The vacuum mattress is used by 15 of the 40 UK mountain rescue teams.

"We see huge potential, but we are spread so thinly between manufacturing, sales and at the same time buy into the business. But it would have to be the right person."

"Snowsled Ltd, Street Farm Workshops, Dauntsey, Tetbury, Glos, GL8 8TP. Tel: 0663 340002."

Joe Miller is 150

The Greece that too few can see

Kerin Hope visits Thrace, where suspicion still rules

The corporal outside Greek army headquarters in Alexandroupolis glanced suspiciously at the permit from Athens before disappearing to find an officer. Twenty chilly minutes later, he was back with encouraging news: no military escort would be needed for two foreign journalists visiting the wildlife reserve on the Evros river delta, which marks the Greek-Turkish frontier in Thrace.

Visiting Thrace, the north-eastern corner of Greece, raises practical difficulties not usually found in a country that earns more money from tourism than from exports of goods. As Greece's poorest region, it is keen to attract visitors. Tourist brochures extol its unspoilt coast and appeal for environmentalists.

There are pictures, too, of minarets rising above red-tiled roofs: Thrace has a sizeable Moslem minority. Yet, a surprisingly large area next to the borders with Bulgaria and Turkey is included in a military zone, closed to both Greek and foreign visitors without special permits.

Traditional enmity with Turkey was reinforced by hostility towards Bulgaria, a Warsaw Pact member. The end of communism brought little change in official attitudes, although Bulgaria is among Greece's fastest-growing export markets for everything from ice-cream to insurance services. Successive Greek governments have stalled on Bulgarian requests to open a new border crossing in Thrace and set up a container terminal at Alexandroupolis port.

The Evros delta, a half-hour drive from Alexandroupolis, is the region's main tourist attraction: a 150 sq km wilderness of marshes and shallow lagoons used by more than 300 species of birds that nest, migrate or winter in Greece. As a wetland that attracts rare bird species, it is popular with bird-watchers from all over Europe - but they are confined to a small strip at the western

edge unless they wait several weeks for a military permit. Stella Kaldera, of the Worldwide Fund for Nature, is allowed to take visitors with permits into the zone. She says: "We've been trying for several years to set up a management structure for the delta, co-ordinated by the environment ministry. That would mean being able to organise groups of visitors, and more income for people in the villages round here. The plan is approved in principle, but it isn't being implemented."

Spyros Kouvelis, of the WWF, adds: "Wetlands are still being encroached on, but the Evros region is in better shape than many. The army tries to be co-operative."

Education is one of the most divisive issues... the Moslems fear discrimination

If getting to the Evros delta is difficult, only the most persistent travellers can reach the Rodopi mountains, which divide Greece and Bulgaria. This is where one of Europe's last primeval forests survives, inhabited by wolves and bears. Their numbers have been swelled in the past two years by bears driven south from the former Yugoslavia because of the war in Bosnia.

The rules vary according to who you ask, but the consensus is that you need clearance from the ministries of defence, foreign affairs, interior and public order ministries, as well as the local police. One official said: "Many applications circulate endlessly."

"I tell people who are desperately keen to see the primeval forest to make friends with the forestry service and ride up in a timber truck - or wait for the next election and follow the campaign trail up there."

No clear reason is given for making Rodopi off-limits to visitors but it appears to be linked with the Pomak minority, Moslems whose ethnic origins are disputed fiercely by Greek and Turkish scholars. The Pomaks, livestock breeders with little education, live on both sides of the Greek-Bulgarian border. Together with ethnic Turks and gypsies, they make up a Moslem minority of around 100,000 in Thrace.

Orhan Hadji-ibrain, a Moslem lawyer, says: "There aren't any cold war excuses any more about keeping people out of Rodopi. The authorities talk about unmarked minefields but it's really the Pomak issue that's involved. They have a ridiculous theory that if this border is opened, the Pomaks will want to join up with their relations on the Bulgarian side and will start demanding side permits."

The Moslem minority, like the much smaller Greek minority in Turkey, remains hostage to the two governments' political quarrels. The Greek government has directed more than Dr60bn (£260m) in EU-financed projects to Thrace in the past five years and provides generous incentives for investment. But the Moslems, mostly cotton and tobacco farmers, complain that they are excluded from the government's efforts to develop Thrace.

Education is one of the most divisive issues. The Moslems say they fear their children may face discrimination at Greek schools. Rather than go to a local Turkish-language high-school, many Moslem teenagers are sent to Elizabethan England, carrying the text of *Hamlet*, to interview Shakespeare about the play. He gets his dates wrong, arriving before the young playwright has written *Hamlet* and Shakespeare seizes the opportunity to copy the traveller's text and claim it as his own work. Who then creates the play?

"There is a way round such paradoxes, even in classical physics: to say that all actions must be consistent with past history. This 'consistency principle' has to over-ride the 'autonomy principle', which normally gives us the freedom to do what we want in our local environment (so long as it does not violate the laws of science) without paying attention to what is happening in space-time elsewhere in the universe.

So if time-travel is possible, the traveller must lose some of his or her normal 'free will'.

If you went back to shoot your young grandfather, something would prevent you doing the dirty deed; your gun might jam, you might change your mind - or your time machine might break down on the way back to the past. Likewise, some mishap would stop you

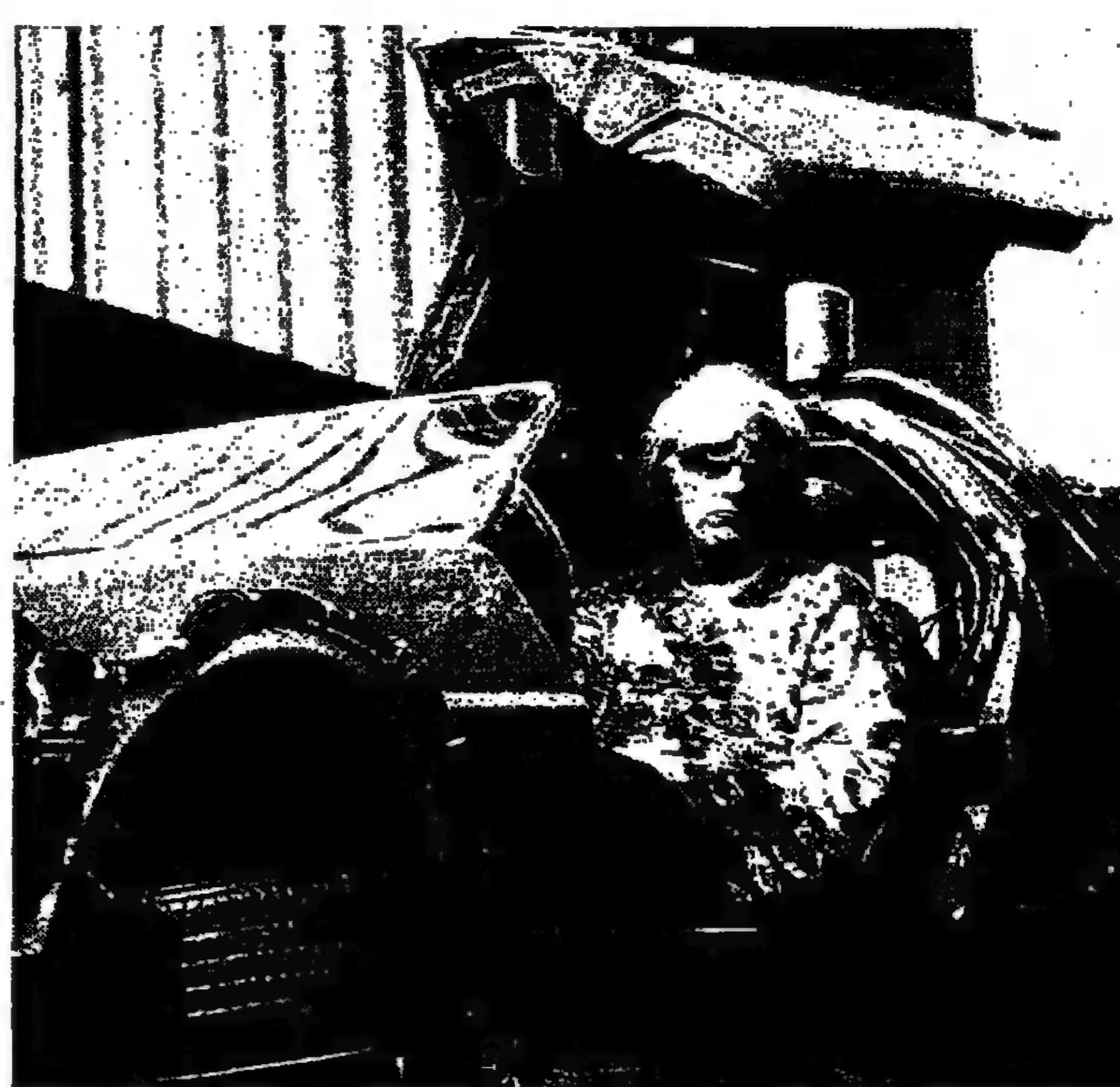
simultaneously. Anyone who went back in time would end up in a different universe from the one he left behind.

This level of determinism may seem strange, but it does not in itself rule out time-travel in the context of classical physics.

There are infinitely different resolutions of the paradoxes possible if you turn to quantum physics.

A current favourite is the "multiverse" or "many worlds" view, first proposed by the late Hugh Everett at Princeton in 1957 and now championed by David Deutsch at Oxford.

This view, which is much explored in contemporary fiction, holds that there is not just one universe with a single history but a huge number of parallel universes in which all possible histories happen



Playing for time: the 'Back to the Future' films dealt with the intriguing paradoxes of time-travel

The Nature of Things / Clive Cookson

Time-travel: not just a thing of the past

you can never create a paradox, according to the multi-verse theory, because quantum physics provides enough linked universes to accommodate all the conflicting possibilities. Deutsch admits that the theory is controversial, although it is the prevailing interpretation in quantum cosmology.

The fact that time-travel is theoretically possible does not mean it would ever be practical, even for a super-advanced civilisation. CTCs have emerged as theoretical solutions to Einstein's equations, as a possible path for time machines, but no one knows whether they exist somewhere or could be created artificially.

If CTCs do exist on the scale that would be required for time-travel, they are probably in regions of the universe that would be extremely inhospitable for the traveller, such as the edge of a rotating black hole. And creating one would require amounts of energy that are inconceivable with any technology known today.

Many physicists, including Stephen Hawking of Cambridge University, continue to maintain that time-travel is impossible. Some argue on theoretical grounds that CTCs could not exist, except perhaps on an infinitesimal scale a million-million-million-million times smaller than an atom. Others prefer the practical argument that no one could withstand the radiation and forces around a CTC.

If our descendants many centuries in the future do find a way to travel into the past, they will face many constraints. Most important, a CTC cannot be used to go further back in time than the moment of its creation, so our descendants could not make one to travel back to 1994. They might find suitable CTCs already in existence somewhere in the universe, but these would have to be used very sparingly, since CTCs are non-reversible by nature and very limited in capacity.

If the "many worlds" view turns out to be correct, no one who was satisfied with his present life would venture willingly into the past, because he would end up in a parallel universe - with no possibility of returning.

It is safe to predict, therefore, that time-travel will never be more than a minority pursuit. We will not be bothered by time-tourists visiting us from the future.

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How the smart set will dress

Avril Groom looks at what special people wear on a special day

The new film *The Nightmare Before Christmas*, is a children's story but you could be forgiven for thinking that it describes the panic-stricken weeks of December in the life of a woman juggling job and family. Work schedules are telescoped by the impending long break, and the pressure of shopping escalates.

If you are in charge you must not forget the details crucial to the smooth running of Christmas day. All this means that you find yourself firmly at the bottom of the shopping list. This is a pity, for Christmas dressing deserves a little thought. It is a day of oddly juxtaposed activities where few rules apply. A leisurely, glamorous breakfast may be interrupted by hectic present-opening with the children. A trip to church may be followed by making the gravy.

We all imagine that those who live high-profile lives, who appear to have made it in life, have sorted out such dilemmas. To find out, we asked a selection of successful career women and some prominent social high-flyers to give us

their guide to Christmas and how to wear (and bear) it.

BREAKFAST

□ **Rosa Monckton** plans to spend Christmas morning at her London flat with her husband, journalist Dominic Lawson, and daughter Savannah, two. "We will have been to midnight Mass but Savannah will be up and excited by 7am so we'll start then and have a long, leisurely breakfast. Later we may go to my parents for a traditional lunch."

"I don't want to plan at home because I organise very well at work right up until Christmas Eve. I certainly shan't plan what to wear; clothes are a low priority. Comfort is essential. I shall assume I have something suitable, like a wonderful velvet dressing gown, in my wardrobe. Though I could easily be wrong!"

□ **Patricia Hodge**, the actress, currently starring in *The Prime of Miss Jean Brodie* at the Strand Theatre in London, will be working until the end of the Christmas Eve matinée. "I love 'doing' Christmas, although the preparation is an enormous headache. I take it in turns with my sister. This is

her year luckily – I have only one day off. There'll be about 20 for lunch and we all help."

"I shopped in the autumn for Christmas clothes that would be flexible for other occasions. This silk chenille sweater and panne velvet skirt have the right mood together but look different when worn with other

things. I'll put a joke Christmas apron over them for helping in the kitchen."

□ **Sally Dahl** runs her wardrobe consultancy, Change of A-Dress, with a partner. The Christmas run-up is their busiest time. "We lived abroad until quite recently so I am happy to have a traditional English Christmas in London. After my three children, aged nine to 12, come home from boarding school I want to devote myself to them so time for me is bottom of the list. We will also have my two grown-up stepchildren staying."

"On Christmas morning it's straight into turkey-cooking and present-opening. I like to look smart – although not hugely dressy. Relaxation and comfort come above all else. I get hot cooking. A loose cashmere sweater and leggings would be great. I can add a velvet scarf and a coat for church, swap the leggings for satin pyjama trousers at home. I don't like Christmassy colours. I would put the outfit together from pieces I already owned."

□ **Anastasia Alexander**, an American, started her Aroma Therapeutics business in Britain two years ago. It is expanding rapidly in the US and Europe. "This is a very busy time both at work and socially, so I have to pre-plan. In America, Thanksgiving is the family celebration; Christmas is party time. So for breakfast I would probably still be wearing an evening dress. Here we prefer to be in the country with my three stepchildren, our 14-month-old daughter, Alexa, and our nanny.

"I am very organised with clothes, adding a few pieces each season to update the classics. I like wearably avant-garde designers: Dolce & Gabbana, Romeo Gigli, Dries van Noten. I have already planned my Christmas wardrobe. In the morning I will go riding and then have a leisurely breakfast. I would choose something country-style but festive like a velvet waistcoat and trousers."

LUNCH

□ **Ewa Lewis**, social editor of *The Sunday Times*, is Polish by birth. She has a family house party for 14 in Gloucestershire, for which preparations have long been under way and there will be a mix of traditions.

"In Poland, Christmas Eve is the big night so we have a formal dinner with caviar, borscht and lots of fish. Christmas day is relaxed – presents, church, champagne, then turkey for lunch. The staff have a holiday so I give everyone, especially my children, aged 15 and 13, jobs to do. I co-ordinate it all and cook."

"I don't pre-plan what to wear at home during Christmas but I am very organised. I shop early in the season from my favourite designers – St Laurent, Tomasz Starzewski, Bruce Oldfield, Laura Biagi – with festivities in mind. Knowing that a country Christmas will include sporty and very dressy occasions, I take down what I need. For any lunch out over the holiday I think a suit in rich velvet is right; at home I might wear a soft trouser suit."

□ **Lady Charles Spencer Churchill**, aka interior decorator Jane Churchill, will go with her three sons, aged from 28 to 11, to the family country home – Blenheim.

She says: "Christmas lunch is a fairly informal, family occasion and I think a suit is

necklace, £3,260, both from Garrard, Regent Street, W1.

Lady Charles Spencer Churchill in pale green wool suit, £1,500, soft net body, £95, both from Armani, Sloane Street, SW1 and Browns of Blackheath. Silk shirt, £175 from Launce B, Walton Street, SW1. Earrings, £25 and bracelet, £175, from Contemporary Gold exhibition, £2,225, gold

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Lady Charles Spencer Churchill in pale green wool suit, £1,500, soft net body, £95, both from Armani, Sloane Street, SW1 and Browns of Blackheath. Silk shirt, £175 from Launce B, Walton Street, SW1. Earrings, £25 and bracelet, £175, from Contemporary Gold exhibition, £2,225, gold

Table set with Versailles, china, Plaza crystal and candle-lamps from Thomas Good, South Audley Street, W1.

Hair by Craig Taylor for Anthony Yacomin, George Street, W1. Patricia Hodge's hair by Hugh and Hugh and Stephen, Ebury Street, SW1.

Make-up by Suzanne Yarde, using the Bobbi Brown range from Harrods. Suzanne's tips for long-lasting, flush-free Christmas make-up include: do not put foundation on eyes – with heat it can make eyeshadow run; use loose powder before shadow instead. Concealer stick reduces redness. Neutral colours – Bone all over the lid, Taup in the crease, Rich Brown as a soft liner – look natural. Pale blusher (Sand Pink) looks healthy, lets natural colour shine through.

She says: "Christmas lunch is a fairly informal, family occasion and I think a suit is



Anastasia Alexander in burgundy velvet waistcoat, £495 from Ralph Lauren, New Bond Street, W1. Paisley patterned velvet skirt, £245, suede boots, £235, tights, £15, all from Ralph Lauren, New Bond Street, W1.

Sally Dahl in beige rib cashmere sweater, £187.50 from Pringle, New Bond Street, W1. Cream silk satin trousers by Ben de Lisi, £165 from A la Mode, Hans Crescent, SW1, Harrods, Knightsbridge, SW1 and Pellicano, South Molton Street, W1. Velvet scarf, £25 from Georgina von Etzdorf, Sloane Street, SW1 and Burlington Arcade, W1. Black velvet pumps by Cole Haan, £125 from Harrods.

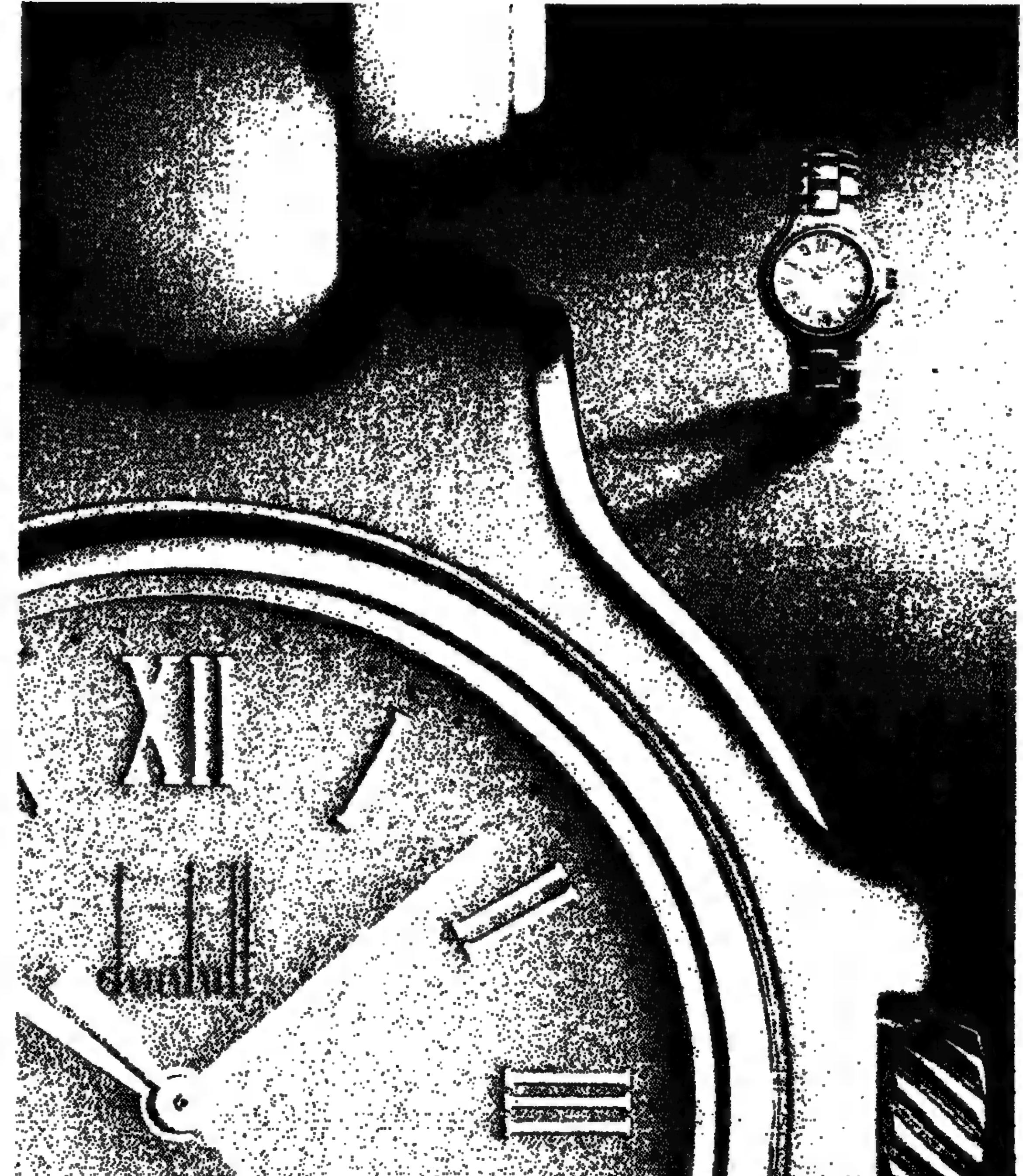
Rosa Monckton in printed velvet dressing gown, £735 from Georgina von Etzdorf, Ivory cashmere robe, £295 from Pringle, Black astrakhan-look mules by Cole Haan, £135 from Harrods. Table set with Gold Band chintz, Fanelli cutlery, Hollowstem glasses and Napoleon III scarves, and assorted jewellery, all from Tiffany, Old Bond Street, W1.

Breakfast, left to right: Patricia Hodge in burgundy silk chenille sweater, £495, Paisley patterned velvet skirt, £245, suede boots, £235, tights, £15, all from Ralph Lauren, New Bond Street, W1.

Sally Dahl in beige rib cashmere sweater, £187.50 from Pringle, New Bond Street, W1. Cream silk satin trousers by Ben de Lisi, £165 from A la Mode, Hans Crescent, SW1, Harrods, Knightsbridge, SW1 and Pellicano, South Molton Street, W1. Velvet scarf, £25 from Georgina von Etzdorf, Sloane Street, SW1 and Burlington Arcade, W1. Black velvet pumps by Cole Haan, £125 from Harrods.

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□ **Lunch**, from left to right: Ewa Lewis' brown velvet wrapover coat, £2495, matching skirt, £275, both from Tomasz Starzewski, Pont Street, SW1 and Browns of Blackheath. Silk shirt, £175 from Launce B, Walton Street, SW1. Earrings, £25 and bracelet, £175, from Contemporary Gold exhibition, £2,225, gold

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HOW TO SPEND IT

'That's just what I've always wanted'

Gift ideas for the person with a special interest - here are a number of suggestions that you might not have thought of...

What to buy for enthusiasts and experts - it is an annual dilemma. Their hobbies ought to provide a host of ideas.

But what if they have already got your chosen gift, or - even worse - what if it is not the right make or design? The Weekend FT's experts offer some suggestions...

The Cook

By Nicholas Lander

Three gifts please: one to get the day off to a good start, the second to facilitate cooking for the next decade at least, and the third to allow my family and friends to enjoy our meals together even more in 1995.

The first is a chrome plated citrus press that will produce sensational fresh orange juice for breakfast (without which no breakfast is complete). It is German and costs £43.40 from Divertimenti, SW3 (071-581 8068) or W1 (071-935 0689). One fell swoop of the hand lever produces just the juice - no pips or pith. Just as good later in the day when you need lemon or lime juice for cooking.

The second, which would definitely necessitate a large sack, would be the full range of Global cooking knives.

These are Japanese, the blades made from Molybde-

num/vanadium stainless steel which has been ice-tempered and hardened so that they remain razor sharp longer than other steel and resist rust, stains and corrosion.

I have ogled them in Richard Dare's kitchen shop, NW1 (071-722 9428) and even held them - they are perfectly weighted. But the cheapest costs £23 and the complete range comprises 29 knives so I have put them down quickly.

Finally, one of the biggest transformations in cooking around the world over the past decade has been the increased use of different oils - olive, hazelnut, sesame, walnut are the most common but pistachio, pinenut, groundnut and almond oil are distinctive, too.

I would like a mixed case

The Wine Buff

By Giles MacDonough

If it is books they like, there are two major publications this autumn: Jancis Robinson's *Oxford Companion to Wine* (OUP, £30) and Hugh Johnson's *World Atlas of Wine* (Mitchell Beazley, £30). Robinson's book is the most useful and up to date. Johnson's is the nicest to look at.

Johnson's shop, at 68 St James's (tel: 071-491 4912) is a good place for wine related presents. If you go there on the evening of December 15, Johnson will be there, signing copies of his atlas. A good-sized decanter, copied from a c1810 original, may be had for £157, or £227 for magnums. For the original you will have to pay £300.

A useful idea is a wine cooler which covers the whole bottle. This is made from copper, plated with silver and costs £35.

Silver bottle holders are available for £200 and the popular decanting cradle is £175 or £350 for magnums. A beautiful claret jug with a silver mount comes in the form of a modernised amphora for £400.

For the female wine buff there is a necklace of lapis lazuli with bunches of grapes at £255.

An amusing idea, which has the virtue of being slightly cheaper than many of the items in the shop is a decanter label in silver with the legend "plonk" (£36). It might make a subtle hint.

The best wine glasses come from the Austrian company of Riedel. The hand-made sommeliers range starts at £23 a stem. If that is too much to pay, the vinum range is about half that and few people will know the difference. Selfridges and Harrods have them. For other stockists call Michael Johnson Ceramics (tel: 071-824 2493).

The Field Sportsman

By Jonathan Young

The smartest Christmas shooting stockings - as worn by the Prince of Wales - are knitted in local traditional patterns by Alison Thomson of 30 High St,



Gro Feeder which comes with highly nitrogenous Miracle Gro, which I do not use, but is particularly cheap at £6.99.

Alternatively, you can water on fertiliser where the best cans are made by Haws and there is now a cheap and cheerful Haws Practical model at £9.99.

Everybody also needs some line of attack against pests. My favourite slug and snail killer is the admirable Growing Success which is both organic and lethal.

You may prefer to give a Bosbag at £23.39 on the grounds that it sounds like your horticulture partner anyway. In fact, it is an all-purpose piece of sheeting which will stand up as a rounded bag and take all the garden rubbish without involving a wheelbarrow. It will also hold dead leaves; please do not give anyone one of those awful leaf-blowers which are all the rage and so needlessly noisy that they ruin the neighbours' weekends.



The Motorcyclist

By Peter Whitehead

Check a motorcyclist's finger nails before buying him or her anything for Christmas. Black, oily hands belong to bikers who spend most of their time building and rebuilding machines. Buy them spanners, sprockets and industrial strength hand-cleaners.

Manicured motorcyclists are more difficult. They are likely to have almost everything they need and want, from leathers and waterproofs to luggage and sophisticated security items.

They are unlikely, however, to have *Ducati Passions*, a compact disc featuring the exhaust sounds of 18 different Ducati motorcycles, recorded by the Ducati Club of Sweden (£13.45 by mail order from the Road Racer catalogue, tel: 0477-544304).

Each "track" lasts less than a minute and the recording quality is splendid - but only a total obsessive would find it a lasting pleasure. On the other hand, it has the virtue of novelty, and could be useful for encouraging overstayng super guests to get on their bikes.

In the same catalogue is a range of wonderful tin toy motorcycles, priced between £29.95 and £35. The originals upon which some of these are based sell for hundreds of pounds at auction, yet you would be pushed to tell the difference at a quick glance.

Thinking bigger, my letter to Santa lists a single item: any one of the motorcycles made by Bimota of Italy. The models in this range are sport-style bikes and are as beautiful as pieces of working machinery as you can possibly be.

The Biposto, Furano or the

Tesi, any of them would do. Prices range from £10,750 for the YB5SR to £23,000 for the top-of-the-range high-tech Tesi. Contact Galleria Bimota on 0493-372076.

As a stocking filler, go for earplugs (widely available).

These are essential safety accessories to guard against hearing damage caused by wind noise when riding for long periods at speed.

And if you are in danger of having to listen to repeated playing of *Ducati Passions*, then buy some for yourself as well.

The Skier

By Arlene Wilson

Expert skiers are often obsessed with finding out how many vertical feet they ski. The Avocet Vertex Ski wrist watch will tell them to the nearest five feet. All you need to do is set it before your first run and it will automatically calculate vertical feet and the number of runs you ski all day long without you having to touch it again.

The following day you can either start your tally again or keep a running total. The Avocet which works on aviation technology using barometric pressure, will clock up 229,000 vertical feet (more than enough for most skiers' holidays) before returning to zero.

But if you keep a running total, remember to turn it off after each day's skiing or the watch will keep calculating your vertical drop when you are driving or even walking downhill.

The Avocet, which has a stopwatch and displays altitude, highest skiing speed and of course, the time, costs £119.95 from Snow + Rock, 188 Kensington High Street, London W8 7RG. Tel: 071-937 0272.

One criticism of the so-called "Fat Skis" designed to make powder skiing easier is that they are not so hot on piste.

Now Porsche has come up with a design it claims works just as well on or off piste. They are black and as sleek as a fat ski can be, and they retail at \$850 (bindings: \$175 extra) from Porsche Design, Corporate Office, American PD Company Inc, 331 South Rio Grande Street, Suite 105, Salt Lake City, Utah 84101. Tel: 0101 301 375 8815.

For the ultimate Christmas gift, what about hiring the most famous mountain in America: Aspen's Ajax.

The day after the ski season ends on April 15, it could be yours for \$100,000. For that you could take up to 100 guests, who would each ski free and have their own instructor for the day - plus lunch of course.

You could even groom whichever slopes you choose at no extra cost. The fee would be divided in two, with \$50,000 going to your favourite charity and the other \$50,000 going to Aspen Skiing Company's favourite charity.

Contact Killeen Russell, Vice-president of Communications, Aspen Skiing Company, PO Box 1248, Aspen, Colorado 81612. Tel: 0101 303 544 3070.

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Extract from FT - Lucia van der Post, 11 June 1994

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The Horse Rider

By Caroline Cross

For the last three years my horse has redecorated my toenails. Black. This year I been dropping heavy hints for Santa to come up with some very smart paddock boots with invisible steel-capped toes.

Overider does just the job in black or tan waxy leather, sizes 3-8, from £34.50 to £40.50.

The Gardener

By Robin Lane Fox

My Christmas suggestions are for seeding, cutting and clearing up. The two best secateurs

are the Felco Classic at £23.99 or the Wilkinson Sword Medium Anvil at £22.99, which I marginally prefer; every gardener loses the secateurs at least once a year and needs new ones.

If their garden is now growing furiously, they will also need long-handled pruners. I like the Gardena 860 BL at £47.99.

For weeds, the essential is a Wilkinson Sword Classic Hoe, rectangular-headed at £21.99.

Gardeners never use enough food; encourage them with a big pack of Phostrogen at £20.50, tel: 0171-251 0233 but if the season's tally looks meagre, Roxton Bailey Robinson can organise the highest pheasants in the land from £200 per gun (tel: 0474-883222).

Just thinking of such a day causes insomnia, so Wild-sounds' *Nocturne of Nightingale* - one hour of nightingale song (£10.99 on CD, £6.99 on tape, tel: 0283-741100) - should send in the sandman before Santa.

Jonathan Young is editor of *The Field*

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Timeshare flightpath to joining the jetset

Paul Betts discovers how to cut the cost of owning a private aircraft

I had been looking forward to a good hot breakfast, perhaps a glass of champagne or two, a quiet read of the morning newspapers and a dose before landing at Antwerp in the luxury of a private jet. Instead, I was given a cup of coffee in a paper mug and a lecture on why buying an executive jet for Christmas, costing anything from £2m for a good second-hand model to £25m for a top-of-the-range Gulfstream IV, was not, as most people seem to think these days, a self-indulgence.

There is nothing quite like travelling around the world in a private jet. You can forget the tedium of airport lounges and long immigration control lines. When you land, it is a bit like arriving at a smart hotel in a Rolls-Royce. You feel pampered, important and free.

On one occasion, when I was living in Paris, I was invited by Alexandre Convalier, who runs an air charter and private jet business out of Le Bourget, for dinner at Eugénie-les-Bains, way down in south-west France. We set off just after the Paris evening rush hour and were back by midnight after a *grande bouffe* at Mon-sieur Guérard's restaurant.

Another time, Harry Racquier, then head of the Louis Vuitton luggage group, part of the LVMH luxury-goods conglomerate, flew a little party in the Hennessy Cognac executive jet to Munich for a Plácido Domingo recital. It was a wonderful flight, sipping Veuve Clicquot over the Alps and listening to opera through the aircraft's headphones.

But Michael Riegel, managing director of the new UK-based venture called JetCo, insists executive jets are not just expensive toys for the boys – and, for that matter, their wives, who usually choose the interior layouts and furnishings. They are, he says, valuable business tools, which can make a significant contribution to the efficiency of a company.

Riegel has imported to Europe the US concept of part-ownership of executive jets. He is touring Europe this week with three corporate aircraft – a Hawker 800, a Beechjet 400A and a turboprop Beech King Air – to try to interest potential buyers in acquiring a share of a new business aircraft as a

more cost-effective way of investing in a private jet than buying one outright.

Although there is still a general appetite to fly in private jets, in the frugal 1990s there is also a declining desire to own them. Mike Hamlin, another entrepreneur, who has set up the London JetShare Company, says: "Financial irresponsibility still haunts the industry." JetShare also offers the opportunity to invest in a share of an executive jet, but unlike JetCo it deals only in second-hand aircraft.

Aircraft "timesharing" schemes reflect the need to revitalise a \$3bn annual market, which slumped in the early 1980s when the Inland Revenue abolished 100 per cent capital allowances on private aircraft. The tax advantage of owning a private jet had meant that companies went out on a spending-spree even though they did not always need to own a fleet of aircraft.

When the allowance was scrapped, the late tycoon Sir Charles Clore got rid of all six of his jets.

Hamlin says: "What we have seen is a change of customer. Once, people bought a private jet for tax benefits, now they buy them because they need to go somewhere."

Companies have also become reluctant to invest in a private aircraft because their shareholders and accountants think it is a waste of money. The classic example is BP. One of the first decisions Bob Horton took when he became chairman of the oil company was to invest in two Hawker 800s and a Gulfstream IV. When he was pushed out in 1992, the first thing the new management did was to sell the three aircraft.

Other private jet owners, such as the late Robert Maxwell and Gerald Ronson, have given the business a bad image.

Statistics suggest that more companies that own private jets go bust than companies without any. But it is not just that the 1990s are a cost-conscious decade. Hamlin says the price of owning a private jet has simply become too high.

The cost lies not so much in the purchase price as in the owning and running expense. It is a bit like buying a brand-new Daimler car – the depreciation is immediately in free fall. Fixed and operating

costs can also be a blank cheque. To replace two wind-screens smashed by a bird on a Citation costs about \$50,000, and private jet-owners pay double the amount airlines pay for fuel and parts because they do not have the same buying power.

Riegel says one of the reasons it is so expensive to own a private jet is that, on average, owners fly only about 150 hours a year.

"A corporate jet flies only about 10 per cent of a normal schedule airline. They also fly a lot of the time empty on return legs after dropping their passengers at their destination.

About 35 per cent of all corporate aviation flights in Europe are empty flights," he says. As a result, private jets are productive only 3 per cent of the time, making them a somewhat onerous asset.

This is where joint ownership can help. "Sharing the asset means you get far better utilisation out of the jet," says Hamlin. "You also get more flexibility than if you simply chartered an aircraft." Riegel agrees: "Our share scheme is designed to lower ownership costs by 50-60 per cent at the same time as giving the investment a more responsible image."

Under the JetCo scheme you can buy shares ranging from a third to an eighth of a new jet. Depending on the size of the stake, you are guaranteed a certain number of flying hours a year: 75 hours for an eighth; 150 hours for a quarter and 300 hours for a third. JetCo will also guarantee you an aircraft within six hours of booking it.

Annual fixed costs such as insurance and regular maintenance in the JetCo scheme will amount to \$240,000 compared with \$35,000 if you owned the aircraft, while variable costs, including the actual time you fly the aircraft, come to \$35,000 a year compared with \$24,000 under full ownership.

If you add what Riegel calls "opportunity cost" – that is the annual interest you would have earned in the bank from the saving in your initial capital investment by buying a quarter share rather than a full aircraft – you would save \$1,578,500 a year by investing in a quarter timeshare, which would probably give you all the private flying you would need in a year.

It is still not cheap when you consider that total annual costs of owning a quarter stake in a Hawker 800 amount to \$265,000. But it still beats paying annual costs of more than

\$24m if you owned the whole aircraft.

Even at these costs, the more parsimonious millionaires of the 1990s are still extremely hesitant about investing in executive jets. For this reason, both Riegel and Hamlin have stepped up their marketing campaigns to persuade them of the benefits of corporate aviation.

Business jets can save precious time for top executives who value their time at around £500 an hour. "Think of how many £500s they are losing every year hanging around airport lounges," says Riegel. And Hamlin adds that a corporate jet can be an important marketing tool in helping a company win big contracts.

To demonstrate how effective a corporate aircraft can be, Riegel organised a day-trip from London to Antwerp, Paris and Jersey and back to London which took just under 11 hours with time for meetings at all three destinations. By scheduled airline, the same trip would have taken 37 hours and 25 minutes.

Hamlin has gone one better. He holds a *Guinness Book of Records* accolade for flying in a corporate jet to all the European Union countries in 19 hours.

Once people bought jets for tax benefits, now they buy them to go somewhere

You will not necessarily always get the same aircraft, but the company is planning to acquire a sufficient number of new aircraft all fitted to the same standards to ensure availability.

In some cases, it may have to charter in an aircraft if its own fleet is fully in use, but the customer will always have an aircraft when he needs it.

A quarter share in a Hawker 800, which used to be the British Aerospace 125 before the UK company sold its private

jet business to the US Raytheon group last year, costs \$2.7m compared to the aircraft's sticker price of \$10.8m. The annual costs of keeping the aircraft are also much lower. With a quarter share, annual depreciation at, say, 10 per cent will total \$270,000 against \$1,080,000 for a fully owned aircraft.

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If you add what Riegel calls "opportunity cost" – that is the annual interest you would have earned in the bank

TRAVEL

A holiday near the killing fields

Cambodia is trying to put its tragic past behind it, writes Mark Hodson

After three hours in Phnom Penh I was lying by the roadside, bleeding from the leg. This atrocity was nothing to do with the Khmer Rouge. I had been knocked off my rented bicycle by a 10-year-old boy on a moped.

Three giggling mechanics working on a battered Toyota, helped me up and straightened the front wheel. One offered a grimy rag to use as a bandage. The boy smiled and sped off, no need to exchange names and addresses as no one there has a driving licence, let alone insurance.

The recent murder and kidnap of western tourists would make most people consider a trip to Cambodia a holiday in hell, yet every day more tourists arrive from Bangkok, Paris and Singapore, bringing young backpackers and latter-day explorers. So what is the fatal attraction?

In the 1930s, Phnom Penh was said to be the most beautiful city in French Indochina, its wide boulevards lined with palm trees and mansions with sweeping balconies. But it has suffered years of neglect.

The Khmer Rouge destroyed many of the houses, then abandoned the city and frogmarched its inhabitants out to work in the killing fields. Later, occupying Vietnamese troops looted much of what remained.

Since the signing of the Paris Peace Accord in 1991, restoration has begun in earnest and now, like an elegant madame, Phnom Penh is back on her feet, dusting herself down and powdering her nose. Good breeding, after all, will out.

If your nerves can stand it, renting a bicycle is a fast – and usually painless – way to see the capital. Down broken back-streets stand crumbling colonial villas with wrought-iron gates and pock-marked porticos. Art Deco houses once occupied by French merchants and diplomats would be worth millions in Miami. Some have been restored by foreign embassies, but many others are occupied by squatters. On

patchwork rooftops, turrets lean dangerously, apparently held up by a spider's web of telephone wires and electricity cables. Lines of laundry are strung between television aerials, and green peeling shutters hang from broken hinges. It looks as if one firmly slammed door would flatten a neighbourhood.

The roads in Phnom Penh were laid on a grid system, but are maddeningly hard to negotiate. There are no street signs and no apparent logic to the numbers. Rue 123 runs alongside Rue 105, which is followed by Rue 83, and then the main thoroughfare Monivong Boulevard, which is also known as Achar Mean Boulevard.

The city boasts just one set of traffic lights and everywhere bicyclists vie for elbow space, their panniers piled with video recorders, mattresses and squeaking piglets. Unofficial motorcycle-taxi drivers loiter in packs at every street corner.

Some speak a little English, but they all seem permanently lost.

I pulled up at a busy junction to get my bearings and a French-speaking policeman drew me a map and waved encouragement as I wobbled off in the right direction.

Along the main streets, ethnic Chinese families sell everything from tractor parts to croissants. The shop names have been translated into English and many are collector's items. Up To Date Elegant Wear, Hung Hua Sell The Glasses and a bar called Drink Tiger Beer No Problem.

At the central market, a star-shaped yellow concrete building, you can buy underwear from Thailand, counterfeit watches from Taiwan and handfuls of fried cockroaches, which I could not bring myself to taste. Nearby is a fast food joint that proudly claims to sell Cambodia's first take-away hamburgers. I gave that a miss.

After getting my leg cleaned up, I ate some spicy fish soup and a baguette at the Capitol Hotel, the favoured hangout of budget travellers.

It was a fly-blown dive,



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where German backpackers

rubbed shoulders with bleary-eyed French photographers. One drawing American with a big Russian motorcycle and a handlebar moustache, claimed to be a Vietnam veteran, but behind the Ray-Bans he looked a little too young.

Later I ventured into the Heart of Darkness, an all-night bar where travellers play pool

and trade tall stories. I had planned to walk there, but a motorcycle-taxi driver offered me a free ride in the hope that I would need him on the way home.

Sur enough, when three of us piled out later to go to a nightclub across town, he was waiting. We raced down deserted until streets three abreast, swerving around pot-

holes as big as bomb craters.

Local soldiers stood at street corners smoking cigarettes, automatic rifles slung across their shoulders. Otherwise, the city slept.

After 15 minutes we ducked

down a back street past building sites and ghostly tenement blocks, then turned a corner to see a huge disco heaving with people. With banks of flashing lights and pounding music it looked like a party at the end of the world.

The bouncers on the door ignored us: they were busy shaking down a local teenager who was trying to walk in with two handbags stuffed in his jacket pockets. Inside it was wall-to-wall hookers.

Dozens of pairs of eyes followed us to the bar. Hair was hastily adjusted and hemlines wriggled into place. There were 50 or 60 girls there – Vietnamese, Thai and Cambodian – and we seemed to be the only men.

Phnom Penh has few sights, the most notorious being the Killing Fields themselves, where a glass stupa packed tight with human skulls stands

in a tranquil meadow. It was there, five miles outside the city centre, that 17,000 people were massacred. Many were first tortured and mutilated, and, to save ammunition, the Khmer Rouge lined up their victims along the edges of mass graves and clubbed them to death with axe handles.

Scraps of clothing and human bones lie around the field, but it remains an inadequate memorial to such a horror. Birds sing in nearby trees and glittering rice terraces stretch out to the horizon. It fails to shock which, in a strange way, makes the experience all the more disturbing.

Far more horrific is Tung Seng, a former school turned war museum once used by the Khmer Rouge to torture intellectuals. Countless atrocities have been catalogued there and whole walls covered with pictures of victims, who were meticulously numbered and photographed when their time came to die.

Despite Phnom Penh's bleak history, most visitors are captivated by its vitality and prickly energy. There are so few sights, you feel as if you should not be there, which is part of the fun.

The newspapers were full of "incidents". The previous day three people had died when a train was ambushed by a

Khmer Rouge. Such attacks had become so common that the poor were allowed to ride in the front two coaches without paying. It was not exactly free travel: if the train hit a mine, some would pay with their lives.

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Flying on wheels under the Channel

Christian Tyler travels safely by Eurostar – but feels he hasn't travelled at all. And Nicholas Lander is more interested in the food than the view

I there were a few flat-earthers who condemned the Channel tunnel as a crime against nature, most of us could not wait for the day when the journey from London to Paris or Brussels was reduced to a seamless three-and-a-bit hours.

But Eurostar is a breach of the rules. Planners, engineers, architects and designers have conspired to overturn the laws of physics – never mind the conventions that once made foreign travel a sensory adventure. There is no more "abroad".

From the moment when the wide-eyed passenger enters the terminal he is dematerialised, decontextualised and disembodied. He, or she, might be in transit to Mars, were it not for the fact that the spaceship's yellow nose is pointing aggressively to the horizontal.

Once aboard the steel projectile, all contact with the external world is snapped. An invisible controller delivers over the intercom some bureaucratic banalities: "Please ensure that your seat number corresponds to the number on your ticket", and so on.

The rocket ship pulls away but there is no sense of forward motion. Instead the scenario of a new alien world is wound energetically past the window in the way they used to do for the silent movies in Hollywood.

There is no wind or weather here, no smell of ozone, no clank of old machinery, no whiff of Genoese or strange foreign oaths. All we hear is the distant hum of electric power and the squeak of the food trolley as it is dragged down the aisle by its well-dressed, bilingual attendant.

As the mouth of the tunnel looms, the invisible controller makes a brief announcement. Some of the passengers fidget and wipe their palms on the grey moquette upholstery. But nothing very much happens. There is a "pop" as the atmospheric pressure rises and the scenery-projector changes a reel. For 30 minutes the passengers are shown a piece of fine-minimalism. It is the

It's amusing to dematerialise in London and be reconstituted in another capital

This is not train travel. It is flying on wheels. The compartments (at least the second class compartments) seem to have been purposely designed to inhibit all movement, conversation or cultural intercourse. Rows of high-backed seats are set out just as in the cabin of an aircraft. There are little mustard-yellow antimacassars, fold-down tables and not nearly enough room between rows for any normally-designed adult human being.

But it is amusing to be dematerialised in London and painlessly reconstituted in another capital. It was *piquant* to go from the quaint English atmosphere of the Turf Club, where I had been invited to lunch, to the trendy purloin of a Brussels brasserie where I had dinner. Apart from a short taxi ride at each end there was no sense whatever of having travelled.



NEW BAKED
EUROSTAR 'DISCOVERY' TICKET PASSENGERS IN
STANDARD ACCOMMODATION. PARIS NORD TO LONDON WATERLOO

leisurely breakfast in Surrey, an aperitif 10m under the sea, lunch in Paris and dinner gliding through Kent.

How very pleasant. This may not be why £10.2m was spent on the Channel tunnel. But since it is there, it certainly offers new opportunities for the determined international gourmet or those who would like to combine business and travel with a little relaxed entertainment. I decided to achieve this with the help of Eurostar.

I left London's Waterloo at 8.23am and arrived at 12.23pm at Paris's Gare du Nord, a short trip by Metro to one of Paris's great restaurants.

On this occasion I was on a trip to watch the baking process at Cossi's – an exciting venture which cleverly combines opera music and first-rate pizzas. At 1pm I was eating lunch at its branch at 33 Avenue des Terreaux in the 17th arrondissement, (tel: 43 80 88 70). The company's other venture is at 54 rue de Seine in the 6th, (46 33 35 35).

Although the airlines have spent millions upgrading their in-flight catering and wine lists, new business travellers want to eat or drink large amounts at £3,000.

However, if one travels first-class on Eurostar, it is feasible, safe and most enjoyable. The first-class ticket includes all meals and all drinks served at your seat – and my dinner was better than any meal I have had on a short-haul, business-class flight. You can easily consume the £40 difference between the £155 standard and £195 first-class return fare.

The enjoyment of the food may have something to do with being on the ground rather than in the air and the effects that altitude has on your taste buds.

A conversation with Philippe Cyganiak, catering operations manager at Waterloo or the Cross Channel Catering Company, a joint venture between Wagons-Lits, Inter-City On Board Services and Sabena, revealed that the food on Eurostar is prepared by the same catering companies

which supply large airlines, such as British Airways. Eurostar has decided to beat the airlines at their own game.

Certainly, the breakfast benefited from not being served slightly chilled – as is the case in aircraft. I cannot comment on the quality of the cooked breakfast – sausage, bacon, scrambled eggs, tomato and mushrooms – because the trolley had run out by the time it reached my seat. But the *petits fours* – croissants, pains au chocolat and rolls were first class. These are produced by Bridor, a French company with bakeries in the UK and Belgium.

Even at 300mph there was no sensation of speed so that, unlike on a jet, I managed not to spill my orange juice or coffee. Breakfast, certainly without the most expensive dish.

Customs
wanted to see
passports just
as the main
course was
being served

does not appear to justify the extra cost but the glass of champagne served at 9.30am, as we went under the Channel, was a nice gesture.

The dinner menu has an enticing cover and begins with the phrase "complimentary drinks". More importantly, it is more than value for money.

First, comes a trolley with a free bar followed by another with your first course – slightly over-salty smoked salmon (not a clever move when you are giving drinks away) or *salade Niçoise*.

A charming, bilingual steward takes your main course order, beef fillet or grilled lamb chops, both served with vegetables, and places a small, sticky piece of paper with a letter "B" or "L" on to your headrest to enable her colleague to serve the correct main course. With all this comes wine, two whites and two reds, in quarter bottles.

After your main course plate has been cleared, you are offered impressive cheeses: Cheddar, Fourme d'Ambert and Camembert, cut in front of you and served with bread, crackers and dried fruits. Dessert could be *gateau moka*, fresh strawberry flan or fruit. Coffee and liqueurs and a box of two Godiva chocolates follow.

Service is professional and obliging. The only difficulty for all concerned came when a trio from customs wanted to see passports and tickets as the main course was being served. Combined with the cost of breakfast, it was certainly worth more than the £40 difference in the ticket price particularly when compared with prices in the rather soulless, modern buffet trolleys.

As the train pulled in to Waterloo I considered several points about the style of service. First, its quality is good but the staff were visibly finding the effort of serving so many courses to 210 first-class passengers (a short-haul, business-class flight normally seats 23) in less than three hours, a strain.

Will they be able to cope when the number of trains per day increases from 188?

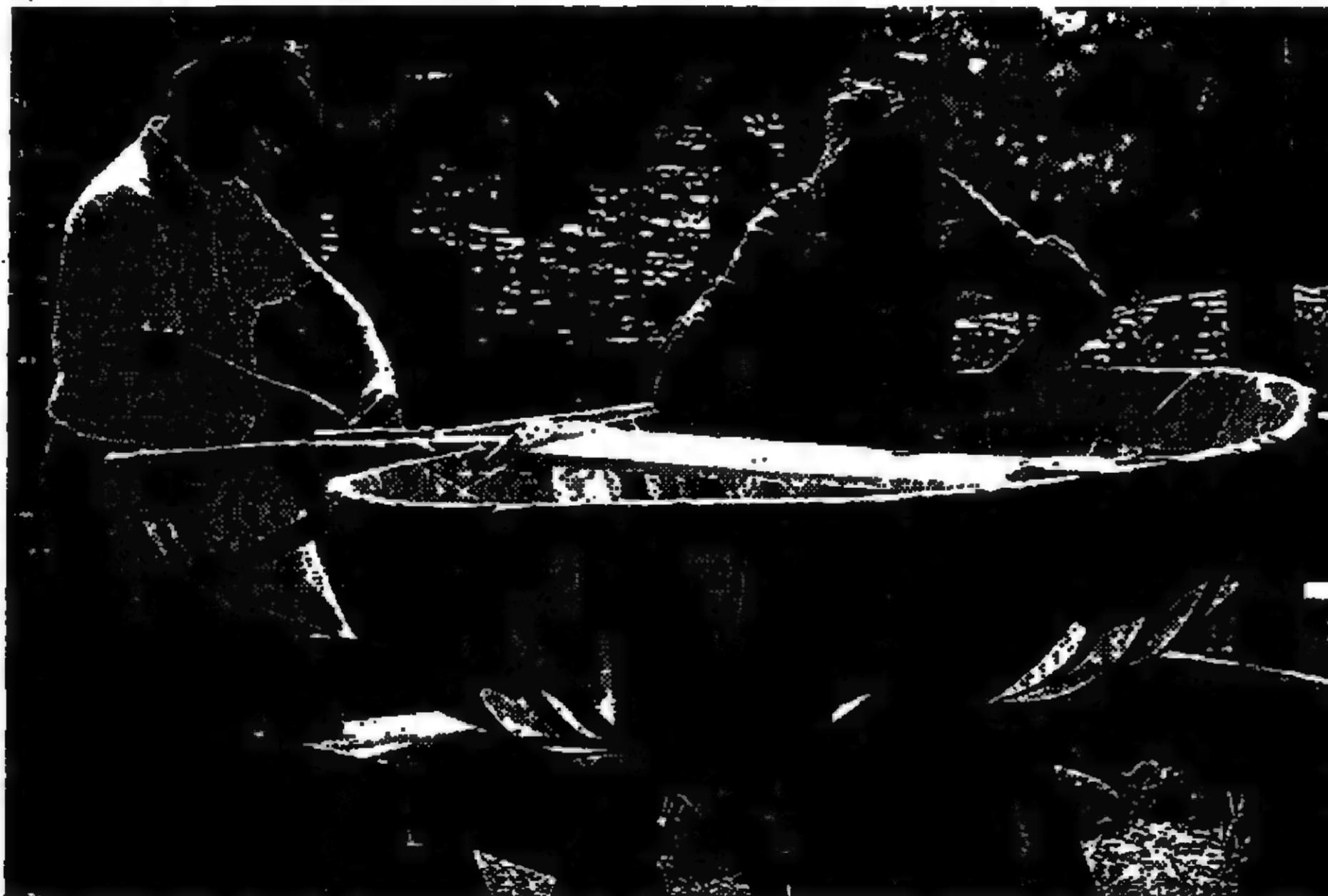
Second, will quality be maintained? Eurostar's troubled financial past will undoubtedly mean that operating costs will be closely scrutinised. I hope that ingredients and menus do not suffer.

Third, I wish Eurostar's management had taken a more adventurous approach to catering. This is undoubtedly the train of the 21st century but the catering is simply the best of the mid-1980s. If the same quality of food were supplied in a less structured manner, perhaps by a top *pâtissier* or delicatessen from Paris, Brussels or London, would Eurostar offer an even greater gastronomic, as well as a travel, alternative to the airlines and the ferry companies?

However, I would recommend Eurostar travel and accept the challenge to eat, drink and enjoy the difference between the first and standard-class fares.

A coracle of my very own

Michael J Woods goes boat-building in Wales



Coracle-making: bending the wood is like performing a magic trick

I had always wanted to build my own boat. To witness with growing pride the transformation of planks of wood into a vessel as, painstakingly, I would saw and plane and fit and shape.

Finally, as high as the house and gleaming with fresh varnish and the glint of dozens of nautical accessories, it would be ready. A mobile crane would be hired and, with the local paper and regional television in attendance, my beautiful boat would be lifted over the rooftops for all the neighbours to see and settled carefully on a low-loader for its journey to the ocean.

To be realistic, though, I am far too impatient for such a long-term project and, in any case, my back garden makes a pocket handkerchief look like a table-cloth. But the desire still remained and so, when I came across a three-day course in coracle building, with a seaworthy craft at the end of it, I had obviously found the answer to my dreams.

It was a beautiful morning when I arrived at the woodland venue for the course, near Builth Wells, in central Wales. I followed a path of sawdust and shavings towards a wood fire.

Gathered around it were nine other participants and Tim Wade, the course instructor and head boat builder. Tim is a boder, a term once applied to skilled woodsmen.

He is also a fine craftsman who designs and makes furniture. This year he won the commission for the National Eisteddfod's ceremonial chair. In comparison with that, a coracle is a simple affair, a basic craft originally fashioned from deer skin and animal hides painted with pitch.

I began to build my coracle with nothing more rustic than a piece of softwood plank from the local DIY store. To this was added three legs and then woven ash laths which, to form the essential half-walnut-shell shape of the coracle, had to be bent.

Apart from the actual launch, this was the most exciting and the most tense part of the process. The laths were wrapped in sack and soaked first with cold and then hot water, which meant much fetching and carrying and stoking of the fire to keep plenty of water boiling for so many coracles.

The bending was a strange experience. To grasp a sack-

covered strip of hot wet wood, to apply pressure and feel it bend like lead or copper, was like performing a magic trick.

It was as if the wrapping of the wood in wet sack was a rite which endowed my hands with a certain power. The tension came when the wood refused to comply – or perhaps my grip was too firm. Tim's tools would get me out of a clamp would get me out of trouble. Otherwise, some careful splicing was required.

At the beginning of the day, we had carried our benches out of the barn to work in the sunshine. Sheep bleated, a buzzard swooped on the air currents and a pair of ravens cawed in the distance. Only occasionally was the peace shattered by the ground-shaking roar of tree-top-slamming jet fighters.

Lunch came, made and delivered by Mrs Lee from the nearby village as part of Wade's policy of spreading the benefit of his enterprise into the local community. The afternoon swept past and by early evening the main bones were in place. We had all made coracle skeletons.

Stretching calico over these bones gave the coracle a bulk and substance greater than it warranted and led me to believe that this frail craft might float. Once fastened, and with additional material tucked away and sewn out of sight, on went the bitumen, a modern equivalent of pitch.

Turned greenwood is just one of the many uses of copice. In a quiet moment Tim showed me just how many products could be obtained from regularly cropped woodland: everything from become, apparently a popular item at craft fairs, to charcoal – imported in to Britain in great

quantities every year – which could be supplied from native coppice.

The craft of coppicing is



Enjoy a Bridge Weekend At Chewton Glen

Friday 20 January to Sunday 22 January 1995

The Financial Times invites its readers to spend an exclusive weekend at one of the country's top spa hotels playing bridge in the company of our Bridge correspondent, E.P.C. Cotter.

The Financial Times hosted a similar weekend two years ago in Switzerland at a hotel overlooking Lake Geneva, as illustrated in the picture above. It was a resounding success, hence a repeat of the weekend in a new location.

Chewton Glen offers luxurious accommodation, superb cuisine, outstanding recreational facilities including a 9-hole par 3 golf course, all set in wonderful parkland.

Bridge will be arranged each day by Clair Sexton and his wife Anne, who will also pair single readers and those with non-bridge playing partners as required. Pat Cotter will be on hand to help improve your game. The bridge will be of a "house-party" style with a mixture of rubber bridge in the evenings, and duplicate during the day.

To receive further details, simply complete the coupon opposite.

For a two night stay at Chewton Glen, the inclusive price, with full board and use of the Health Club and sports facilities, is just £300 per person. FT readers may tailor their arrangements as they wish, by, for example, arriving early (or late), or incorporating the bridge weekend into a longer stay at the special rates that we have negotiated*.

Special Bridge Weekend includes: Two nights accommodation in a standard room**; full English breakfast; lunch and dinner from the Table d'hôte menu with coffee; free use of indoor pool, gymnasium, spa pool, steam room, outdoor tennis court and par 3 9-hole golf course.

*each additional night costs £137.50 per person for full board.

** standard rooms can be upgraded for an additional cost per night – Suite £125; Croquet Lawn Room £75; Principal Room £40.

The information you provide will be held by us and may be used by other select quality companies for mailing purposes.

CHEWTON GLEN BRIDGE WEEKEND

To: Louise Gordon-Foxwell, Financial Times, Southwark Bridge, London SE1 9HL. Fax: 071-873 3072

Please send me further details of the FT invitation to a bridge weekend at Chewton Glen.

TITLE _____ INITIAL _____ SURNAME _____

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CHRISTMAS FOOD AND DRINK

Simple, tasty canapés

Nicholas Lander sorts out some professional party advice

For the past 18 months I have been working as a catering consultant for London's South Bank Centre where, from February 1995, there will be a much broader choice of what and where to eat and drink for the concert-goer or the visitor to the Hayward Gallery.

One of the more pleasurable tasks involved a tasting of canapés prepared by companies keen to cater for receptions at the complex. In a spirit of goodwill they have submitted the recipes for some of their most popular canapés for you to enjoy during the party season.

Mange on the Move, London NW1. Tel: 071-284 0342, fax 071-483 1842. Finger-food menus from £6 to £15.

GRILLED ASPARAGUS AND PARMESAN WRAPPED IN PARMA HAM (makes 24)

One bunch select asparagus, 4oz Parma ham, thinly sliced, 1 oz shaved Parmesan, olive oil, salt, black pepper. Basil for garnish.

Snap asparagus near base. Blanch for 3 minutes in boiling, salted water and refresh in iced water. Pat dry and brush with olive oil. Grill on a hot, ridged griddle or under a grill for one minute each side until char marks appear.

Cut asparagus in 3in strips at an angle. Place one tip alongside another, keeping angles running the same way.

Add a few shavings of Parma ham and loosely wrap with a thin strip of parma ham leaving asparagus visible on both sides of the ham. Brush with olive oil and garnish with basil.

MINIATURE PIZZAS WITH GOAT'S CHEESE, RED PEPPERS AND CHILLI (makes 24)

Pizza dough: 8oz strong white flour, sifted $\frac{1}{2}$ teaspoon salt, pinch of sugar, $\frac{1}{4}$ sachet instant yeast, $\frac{1}{2}$ oz extra virgin olive oil, 5-6 oz warm water. Toppings: 3 red peppers, roasted, seeded, peeled and cut into thin strips, 3oz goat's cheese, crumbled, 1 red chilli, seeded and thinly sliced, black

pepper and chervil to garnish.

Place dry ingredients in to food processor and turn on at full speed. Add half the oil and half the water until crumbly consistency reached. Add rest of water slowly until dough forms a ball. Keep processing for a few minutes.

Remove dough, reform into a ball and brush with the remaining olive oil. Place in metal container, cover with a cloth and leave to rise for about an hour.

Divide dough into small pieces and roll out as thin as possible until almost transparent. Cut into 3in diameter rounds.

Place on hot tray or pizza stone pre-heated in oven at hottest setting. Allow to bake for two minutes before adding toppings.

Add toppings, drizzle over a little olive oil, grind some black pepper and garnish with sprig of chervil and serve immediately.

Uncommon Cooks, London SE10. Tel: 081-488 0651, fax 081-892 3555. From £2-£17.

CERVICHE DE SALMÓN EN SCHNAPPS, EN CROUTE (makes 40)

2lb raw salmon, trimmed, juice and grated peel of two limes, 1 teaspoon grated ginger, 10 oz virgin olive oil, 6 peppercorns, 3 tablespoons schnapps, 1 baguette, butter, dill, chives and crème fraîche.

Slice baguette thinly and paint with melted herb butter. Bake in oven for 10 minutes turning once. Make a marinade of lime, ginger, olive oil, chives and peppercorns.

Slice salmon paper thin and place in marinade for two hours, turning once or twice to "cook" the salmon. Just before service, place a small dollop of crème fraîche on the croute and top with drained pieces of

salmon. Garnish with dill.

ROQUEFORT AND MUSHROOM SPIRALS WITH CHERRY TOMATOES (makes 40)

1/2lb puff pastry, 1lb mushrooms, 8 shallots, 1 clove garlic, 4 tablespoon olive oil, 12 oz Roquefort, 2 tablespoon poppy seeds, 4oz mascarpone, 20 cherry tomatoes.

Slice cherry tomatoes thinly, drizzle with olive oil and bake in oven 20 minutes. Cool.

Make a dressing with mushrooms, shallots, garlic, sweated in olive oil. Cool. Crumble Roquefort and half poppy seeds into mixture.

Roll out pastry very thinly. Cut to an even rectangle. Spread rectangle with mushroom mixture leaving a 1in border. Brush border with beaten egg. Roll up long side tightly. Chill for 1 hour. Cut into 1in slices and lay on a baking sheet. Bake for 12 minutes. Cool.

Top with a dollop of mascarpone and several dried cherry tomatoes.

The Moving Venue, London SW1 3TH. Tel: 071-824 2444, fax 071-978-5178. From £37.50-£17.50.

CHICKEN KEBABS WITH TANDOORI, TIKKA AND MINT MARINADES (makes 15)

Two large chicken breasts, sliced into strips, 1 tin creamed coconut, 1 large tub natural yogurt, juice and zest of three limes. Tikka marinade: 1 teaspoon each, ground coriander, cumin, $\frac{1}{2}$ teaspoon cardamom, 2 teaspoons turmeric. Tandoori: 1 teaspoon each ground coriander, cumin, $\frac{1}{2}$ teaspoon each cardamom, fresh crushed ginger and tamarind juice (or marinade) and hot chilli sauce, 2 teaspoons turmeric, 1 clove garlic, crushed, few drops red food colouring.

One bunch mint and one bunch of coriander, both finely chopped.

Mix together yogurt, coconut and lime juice and divide into three. Add spices as above to each portion and mix thoroughly.

Thread chicken onto satay sticks and coat in marinades.

Leave overnight to absorb flavours, then grill for 3-4 minutes, before serving.

DEEP FRIED BALLS OF CHICK PEA AND CORIANDER (makes 20-25)

16 oz tin chick peas, drained, half a small onion, finely chopped, 3 cloves garlic, crushed, 1 egg yolk, 1 tablespoon sesame seeds, 1 teaspoon each coriander, cumin and cardamom, 2 teaspoons turmeric, 1 tablespoon chopped fresh coriander.

Puree chick peas in a food processor. Add onion, garlic, egg, spices and seasoning and mix well.

Stir in coriander (if wet, add a little flour).

Flour your hands and take the equivalent of a heaped teaspoon of the mix and roll into balls.

Deep fry for 4-5 minutes until golden. Serve with fresh mint and cucumber raita.

New Quebec Cuisine, London W1. Tel: 071-723 0128, fax 071-724 6581. Fingerfood menus from £3-£20.

MINIATURE SALMON FISHCAKES (makes 15)

1lb poached salmon (cleaned, skinned weight), 1lb peeled Maris Piper potatoes, salt and pepper, freshly ground nutmeg, celery, white wine, diced onions, tarragon, 1 egg yolk, chopped parsley and dill, sea-salted breadcrumbs, fish stock.

Poach salmon in fish stock with onions, celery, tarragon, white wine, salt and pepper. Cover the fish in the baking pan with foil.

Cook for approx 8-10 minutes, 180°F, gas mark 7.

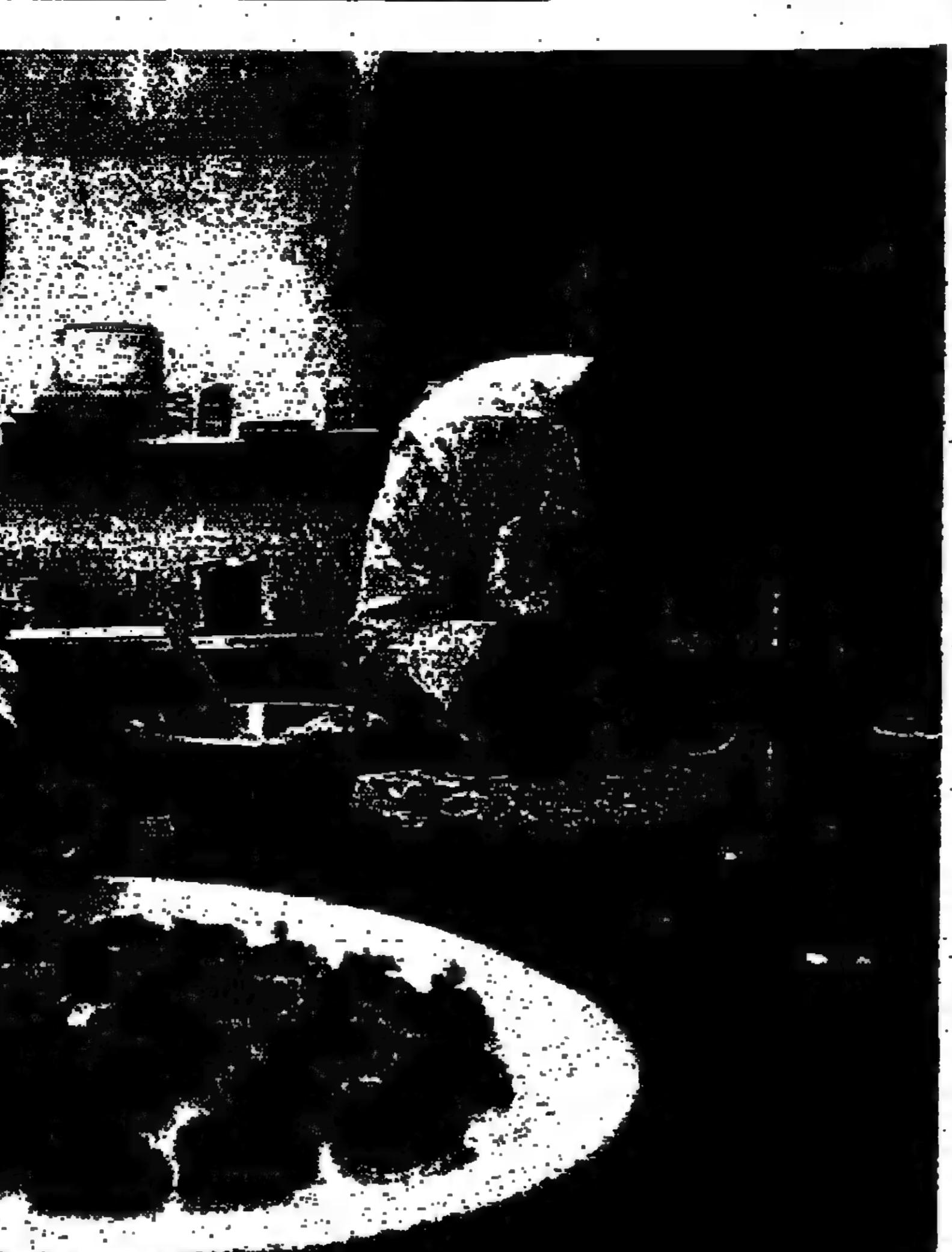
Take out and allow to cool rapidly in stock.

Boil and mash potatoes until smooth. Add salt, pepper and nutmeg. Return potatoes to stove add egg yolk, heat gently and whip for two to three minutes.

Dry excess moisture from salmon. Mash with a fork, extracting bones. Combine salmon and potato, add tablespoon chopped parsley and dill.

Shape into rounds, size of 50g piece but twice as thick and cover in flour, egg and homemade breadcrumbs.

Place on tray in fridge overnight. Deep fry until golden brown. Serve with homemade tartare sauce.



Caterers Mange on the Move preparing canapés at their Chalk Farm, London, premises

The magic

Giles MacDonogh meets a man with

With between 350 and 375 different labels on sale at any given time, Milroy's - in Soho's Greek Street - is London's best address for malt whisky.

It is run by Jack Milroy, a big, hairy, fire-eating Scotman of the old school. Jack comes from Dumfriesshire and his local malt is the lately-mothballed Bladnoch (which he describes as "not a bad spiritif"). Jack's brother is Wallace Milroy, one of Britain's greatest authorities on malt and the author of *The Malt Whisky Almanac* (£5.99).

About 70 per cent of his customers are dedicated whisky buffs, but many are foreigners lured by the publicity he gets from articles in life-style magazines.

Japanese come directly from the airport and ask for one of everything. Some people like to buy two bottles: one to keep and one to drink, or occasionally a mixed dozen.

I mentioned to a colleague of a friend who plays in one of the world's great orchestras. This colleague wants to own a bottle of every malt made because his wife will not let him drink any until he has the whole lot.

"He comes in here," said one of Jack's assistants.

A Japanese woman came in recently with a young girl. She wanted a bottle of 35-year-old Macallan for the girl's wedding: it cost her £5,000. A Londoner bought a bottle of 1926 Macallan for £1,500 and came back for some Royal Lochnagar 50-year-old Reserve at £1,200.

It is good to know that capitalism is making such swift progress in the Baltic states.

One of Jack's best customers is a Brazilian who has more than 2,000 bottles of malt and has his built a special wing to his house to accommodate them. But Jack points out that it is not so hard to be a collector once you have bought the basic collection. There are probably no more than a dozen new releases every year.

Jack is not happy with the standard strength of 40 per cent. For this reason, he is not a great fan of Gordon and MacPhail, which distributes the largest range of single malts from its headquarters in Elgin. Pointing to one whisky at around 50 per cent, he declares: "You are getting almost half as much again!" He feels the ideal strength for

Continued next page



1000 150

JULIA LISO

of Milroy's many malts

a nose for a good dram and enough stock to keep all his customers happy

From previous page

bottling should be around 50 per cent - 43 at the very least but, preferably, 46.

Jack says the process of chill filtering, practiced by almost all distillers, takes some of the whisky's goodness. It is done to prevent a haze developing in the bottle when it is cold - or, indeed, when you add water. "The Japanese and the Americans don't like the haze," he says, although it does not affect the flavour in any way.

I asked Jack to recommend some of his own favourites. He pointed out various bottles: a Mortlach 31-year-old, a Pitlochry 12-year-old, a Glenlivet 15-year-old (priced keenly at £25); and a Talisker he calls an "early-evening malt". He has a 1955 at £115.

Another recommendation is Glenfarclas on Speyside. He is no longer so keen on the 105 (60 per cent) as John Grant has removed the age statement, and prefers the 15-year-old. Another great Speyside is Longmorn: the 15-year-old sells for £24.50. "It doesn't need much water. It's so smooth," Jack enthuses. He has a 1953, too, for £45.

There are also special whiskies from Islay. He thinks Caol

lila under-valued, especially now that Laphroaig is not, in his view, what it was. "They have polished it right down. It is not as interesting as it used to be."

He has a 1979 from the closed distillery at Port Ellen (26) but, not surprisingly, he waxes lyrical over the 18-year-old, cask strength Ardberg (64 per cent) at £21. The other day, he ate some pepper steaks which had been flambeed in it. "They were sensational."

He has some kind words for the blended whiskies, too. He surprised me when he said the Johnnie Walker Blue Label had its admirers (at £120) and recommended the Islay Mist (it contains a lot of Laphroaig) at £17.50. On the other hand, "Johnnie Walker Black Label is hard to beat". He drinks it in Chinese restaurants when he cannot find any acceptable wine on the list.

We opened a few bottles. A 21-year-old Lagavulin at £45, which sells for £40. It was notably pale, with no sherry treatment and an obvious peat-reek which had me thinking of log fires and ash-trays.

mal, like a wet sheep. So we moved on to some whiskies Jack is bottling himself.

First was a 16-year-old, 1973 Glenlivet which he will break down to 46 per cent and sell for £25. This will make it better value than the Gordon and MacPhail 15 (40 per cent) at £29. It was a classic Speyside with a lot of rich sherry and toffee tastes - a great, warming dram.

Sensational, however, was Milroy's 29-year-old Springbank (46 per cent) at £85. This might be a bit steep, but the distillery's 30-year-old sells for £165. There was a lot of honey on the nose and a beautiful, lemony tang. Jack called it "a kiss from a beautiful virgin". He does a lot of business with Springbank.

Although he has no Longmorn at present, he has the rare Burnsdistilled occasionally on a special still. He also sells new casks for £900. The price includes 10 years' free storage and bottling at whatever strength you choose.

Our final whisky was a 15-year-old Lagavulin at £45, which sells for £40. It was notably pale, with no sherry treatment and an obvious peat-reek which had me thinking of log fires and ash-trays.

It is one of Jack's best-sellers. Indeed, he says males over 40 prefer Islay malts because they "sort the men out from the boys". It was a comment that gave me cause for reflection as I staggered out into Greek Street.

■ Milroy's, 3 Great Street, London W1, tel: 071-437 0833.



No wonder he's cheerful! Jack Milroy with some of the 350-plus malt whiskies on the shelves of his London shop

Tony Andrew

Certain people aren't allowed to fly together. Royalty, the Cabinet and the blenders at Moët & Chandon.

Continuing a tradition begun in 1743, Philippe Courcier and his colleagues blend more than two hundred different wines to produce the distinctive Moët & Chandon cuvée. So you'll often find them together in our tasting rooms, (as never) in the departure lounge.

MOËT & CHANDON
CHAMPAGNE

Pick your guiding light

Nicholas Lander navigates his way around the 1995 restaurant guides

One restaurant guide describes it as "relying to much on its reputation"; another as "guaranteeing a sense of occasion"; a third calls it "legendary" and a fourth, after rating it 1 out of a possible 5, says it is unable to confirm details because the restaurant did not reply to its questionnaire. A fifth guide does not include it because, after a critical review, the restaurateur wrote asking the reviewer never to darken his doors again.

Which well-known London restaurant is being referred to?

The answer is Langans of Mayfair. The five reviews of the same place illustrate not just how subjective reviewing is, but what different principles the five food guides in question - *Harden's Time Out*, *Egon Ronay*, *The Good Food Guide* and *The Evening Standard* - take.

The biggest problem their editors face is the enormous growth in the number of restaurants in Britain. At the same time there is a numerical gulf between the number of restaurants within London and outside.

This makes producing a guide which does not include the capital's restaurants a difficult commercial proposition - unlike America where the initial *Zagat Guide to New York* spawned guides to almost all the other major American cities.

There is no doubt that demand for good eating exists throughout the UK - one wine merchant told me that Leeds restaurant, Leeds (0332-231010) served 278 customers on a recent Saturday night, a figure most West End restaurants would envy.

But there are not that many restaurants in London. Five are listed in the *Good Food Guide* and 14 in *Egon Ronay*.

Yet, confined to London, the number of restaurants under consideration is vast. The *Time Out Guide* is the most comprehensive with 1,229 entries.

It contains some enticing photos of chefs, waiters and customers and has the most quirky approach to what London has to offer: restaurants are listed by national cuisine then, suddenly, there is a chapter on "fish restaurants" followed by another on "hotels and home cuisine".

Unfortunately, the guide's A4 size makes it unwieldy. To get the best out of it, you must sit down at home and plan your excursions.

As *Harden's Guide* (700 entries) already quotes me on its back cover I must be brief. However, the fact that two brothers have, by themselves, managed to produce the least expensive guide is a tribute to their business acumen and judgment.

Particularly useful over the past year has been a companion volume, *Harden's London Party Guide* (£6.95) which lists venues for hire from the 19th century Old Operating Theatre Museum and Herb Garret, in

London SE1, to the Nine Kings' Suite at the Royal Lancaster Hotel, in London W2, which can accommodate 1,300 for a dinner dance.

The *Evening Standard Guide* (267 entries) is doubly disappointing.

First, it looks drab and second, it fails editorially to promote its author, Fay Maschler, the most knowledgeable of all of us fortunate enough to earn a living writing about restaurants.

Only Maschler could describe The Brackenbury, in London W6, as "an unpretentious neighbourhood restaurant with chef-proprietor Adam Robinson the ideal boy next door for any keen eater."

One of the most irritating developments in all the guides is the creation of their own awards systems. The *Standard* has the Eros awards for its top 20 London restaurants. *Time Out* has an awards evening with its own ceremony, and *Egon Ronay* has a plethora of

Egon Ronay is clear and comprehensive but there is an editorial tendency to praise every entry

sponsored awards including "Kitchen of the Year", underwritten by a company of environmental hygiene specialists.

The *Good Food Guide* is the most idiosyncratic with awards made to restaurants for being "East Sussex Flavour", "Humberstone Achiever" and "Leicester All Day Restaurant" of the year.

Jim Ainsworth, a former restaurateur, is its editor and is one of the wittiest of food and wine writers. He has injected a sense of humour and warmth which makes this guide a very good read.

There is no doubt the usefulness of the *Egon Ronay Guide*, with more than 3,000 entries it is both clear and comprehensive. However, there is an editorial tendency to praise every entry so that guide's opinions should be kept in perspective.

From a consumer's point of view the most useful guide would be a mongrel, combining the breadth of *Egon Ronay*, the enthusiasm of *Time Out*, the wit and experience of Jim Ainsworth and Fay Maschler respectively, and the business acumen of the Hardens.

■ *The Time Out Eating & Drinking Guide* 1995, £7.50, 242 pages; *Harden's London Restaurants* 1995, £6.95, 200 pages; *Evening Standard London Restaurant Guide* 1995, Pavilion, £9.99, 224 pages; *The Good Food Guide* 1995, Whitch, £14.99, 740 pages; *The Egon Ronay Culinary Guide* 1995, Macmillan, £14.99, 1,376 pages.

FOOD AND DRINK

Wine

Where have all the cheap whites gone?

Jancis Robinson finds out – and selects some more plums from merchants and supermarkets for festive drinking

I could name any number of good, interesting, cheap red wines. There is Kwik save's Steep Ridge Grenache-Shiraz 1993, £2.49 – a Vin de Pays d'Occ from southern France trying desperately to look like an Australian but tastes very southern Rhône with its frank, full, vigorous fruit, all sweet and spicy. Or Safeway's special Christmas offer of a perfectly sound Minervois at just £2.15, for example.

There's also Debut Bulgarian Cabernet, £2.99 at Victoria Wine, a hi-tech wine made from low-temperature fermentation to produce a very clean, correct, if slightly dull wine aimed at those who find other Bulgarians just too ethnic.

Victoria Wine also has the deep crimson, fruity, smooth and equally modern Puerta de la Villa Cencibel Valdepeñas 1993 at £2.99 which would also make a perfectly acceptable house wine for all but the grandest parties this Christmas.

But where are all the interesting, cheap whites? I can quite see why wineries have to charge a bit more in the first few years of modern white wine production, to pay for the necessary gentle presses and temperature control, but is that not behind us?

Only South Africa seems to want passionately to play in the white-wine-under-£3 paddock (as witness several aggressive special offers), and is exporting oceans of technically correct, crisp dry white, much of it made from Colombard. Supermarkets can offer the best deals here.

Eastern Europe is also doing its best (despite presumably having made some fairly recent investments in plant) and Safeway's special Christmas white at £2.15 is a clean, full-bodied Hungarian Chardonnay. But, while cheap South African white may lack character, some eastern European cheap white may have too much. Grapé flavours abound, which is not everyone's bowl of goulash.

Perhaps it makes sense simply to swallow hard and pay a bit more for white wine with

some real character, such as many of the appealing lemon-fresh, barrel-fermented Chardonnays from the new appellation of Limoux in the hills west of Corbières in south-west France.

Jean-Louis Denoix is one of the area's most passionate exponents, particularly proud of his Domaine de l'Aigle, at Roquetaillade high in the east.

New Zealand Chardonnays demonstrate a mastery of burgundian techniques

ern Pyrenean foothills. His Cuvée Classique 1993 is delicate, yet as fiercely concentrated as its maker, Tanners, of Shrewsbury Shropshire, sells it for about £7 a bottle.

Rather similar in style is another relatively high altitude Chardonnay given de luxe oak treatment, Shaw & Smith Reserve Chardonnay 1993, £10.99 at Winecellars, of London SW18 et al. The high country around Adelaide in South Australia is responsible in this case. Here is wine to define that strange term "elegant mouth feel" for what top-quality barrel fermentation does to a good white. This serious wine should continue to improve in bottle for at least two years.

And it is heartening to see New Zealand Chardonnays also demonstrating mastery of traditional burgundian techniques, most notably with the recent release of two single vineyard bottlings from Montana, the giant of this small industry. Ormond and the rather more austere Beaufort are both £10.99 chardonnays and others are cleverly labelled and named after particularly promising sites in Marlborough.

But these are wines to be drunk with food. For a house white that will serve either as aperitif or all-purpose lubricant, there are not many options.

Bordeaux may make many a keenly-priced Sauvignon/Semillon white, but its reds are rarely suitable for drinking without food. Nevertheless

wine is needed. Riesling is the perfect candidate, and Dr Loosen Riesling either 1992 or 1993 is an excellent lively, off-dry example costing about £6 at Thresher, Adnams of Southwold, Suffolk, and many other outlets.

Odibbins has a particularly inspiring selection of German wines, notably from that hotbed of winemaking talent, the Pfalz region in south-west Germany. The wines of Kurt Düring, Fuhrmann Eymold (Pfeffingen), Lingentaler, Müller-Catrin are racy, concentrated and extremely versatile. Both the open 1992s and the denser 1993s are tasting delicious at the moment.

Those who just won't give Riesling a chance had better try Pinot Blanc 1992 Marcel Deiss, about £7.45 from Lea & Sandeman, of London SW10 and Adnams of Southwold.

This scented, pure Alsace white would make a house wine extraordinaire, with more zest and undertow than the average Pinot Blanc (although in general Alsace's Pinot Blancs are the region's best value wines).

House reds should probably be relatively snappy, sappy

and not too heavy. Great Plain Kekfrankos 1993, £3.45 Safeway, is beguilingly lively with lots of fruit and an aroma that attracts those of us with a penchant for this Danubian answer to cut Beaufort.

Sainsbury's Terroirge Rotlaune 20.95, made by Australian Geoff Merrill, is another example of this inky style of red that is probably flattered by being served very slightly cool.

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British retailers are anxious to remind their customers of Bordeaux's digestible reds



Schlossed in Erbach

Autumn and winter are the best times to appreciate German food. Germans are partial to game and wild mushrooms, and they enjoy the pretext afforded by a religious feast day to gorge themselves.

As often as not these festivals take the form of week-long blow-outs around a particular theme: strawberries, asparagus and chanterelles in the spring and summer; ceps, game and geese in the autumn.

After two days of hectic shuttling up and down the Lower Rhine I find in need of a little German *Gemütlichkeit*. My thoughts turned to the Kriegsang, home to the vines which make Germany's noblest wines. I took the train to Eltville at the area's eastern end, a small town filled with a jumble of half-timbered houses and an old fortress overlooking a wide stretch of the great river.

A refreshing provincialism was apparent from the first. In the local *Konditorei* a middle-aged German noblewoman was showing the staff the fruits of a shopping expedition to Wiesbaden. With each new revelation the old women clapped their hands with joy.

Posters informed me that I had arrived in time for the *Schlachtfest*: the most dangerous moment in the life of a German pig. Not that the swine looked unhappy in the drawings; they were depicted running gamely off to the slaughter, al fresco, disposed to yield up all in the form of sausages, bacon,

ham and roasting meat for the cold months ahead. But I did not go to the *Schlachtfest*. I went instead to Schloss Reinhardtshausen instead.

Schloss Reinhardtshausen was once a royal residence. It was purchased by Princess Marianne of Holland in 1850 after her divorce from Prince Albrecht of Prussia, brother of the first German Kaiser.

Albrecht's sexual misdemeanours forced him to quit his native land and live in Saxony where he built the ravishing Schloss Albrechtsberg on the Elbe near Dresden. The Schloss remained in Hohenzollern hands until a few years ago when Albrecht and Marianne's descendants sold it to a property company. The Hohenzollerns retained only a third part of the prestigious vineyards around the Schloss in Erbach.

The new owners turned Schloss Reinhardtshausen into a luxury hotel. The changes were not always for the best.

In spite of the loss of Hohenzollern pictures and the profusion of Biedermeier furniture, the mixture of old and new is uncomfortable in most of the main rooms.

A clumsy verandah has been built on to the side of the building looking out over the Rhine. Everywhere there appears a lack of love and sympathy for the spirit of the house.

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Italy in 150

Pigs, pasta and cheese

Philippa Davenport visits the belly of Italy, Emilia-Romagna

Emilia-Romagna is a food lover's paradise. It is the belly of Italy, where rich alluvial soil yields some of Italy's finest ingredients and the cooks of the region, drawing on a historical mix of court grandeur and farm kitchen simplicity, produce exquisite recipes.

Orchard fruits and soft wheat flourish here. So do all manner of vegetables and fungi. The area is famed for its egg-yolk yellow pasta, richly

Bologna is the greedy capital and contains the old university. Its nickname is 'the fat and the learned'

seasoned or lavishly stuffed, and for balsamic vinegar, one of the most fashionable flavourings of our times. Above all else, this is the land of the pig and Parmigiano-Reggiano cheese.

Do not think, though, that Emilia-Romagna is famous only for its food. There are romanesque cathedrals, medieval abbeys, Byzantine basilicas, the ceramics of Faenza, the mosaics of Ravenna and paintings by Correggio. It is also the home of Ferrari, Maserati and Lamborghini cars.

Bologna is the greedy capital and contains the oldest university in Europe, hence its nickname 'the fat and the learned'.

It is a city of joyfully noisy, hotly competitive gourmandise - a legacy probably derived from medieval times when the rich demonstrated their power by giving gargantuan feasts and constructing towers bigger and better than those of rival families.

The elixir of Modena

'In an attic holy of holies, the full-blooded aroma revived me'

Modena, less than 40km north-west of Bologna, is extraordinary rich. The personal wealth of its inhabitants has earned it the sobriquet "mink city". This is Luciano Pavarotti's home town. The Ferrari factory is nearby. The place buzzes with fashion shops, towering high heels, *couture* and indeed with fur coats. But Modena is also a university town and the coffee bars buzz as much with animated student discussion as with society chatter.

Some streets are colonnaded, there are little squares and spacious squares, peaceful gardens and an 11th-century cathedral of great beauty.

Gastronomically, Modena exhibits signs of giddy extravagance. Favourite local specialities include two of Emilia's richest and stickiest pork products - *cotechino*, a boiling sausage laced with gelatinous pork rind, and *zampone*, stuffed pig's trotters. Both make wonderful winter warmers served with pulses and maybe a *zabaglione* sauce flavoured with that other great

P.D.



We began with several plates of local pork meats. There was excellent Felino salami, coppa, cotechino, delicate spalla and prosciutto di Parma.

Where Parma ham is king

Parma is home of the sweetest nosegay of spring, and this city, like its violets, is small, elegant and charming. I was captivated, on leaving the cathedral, to witness the unveiling of the baptism after its cleaning. Workmen shouted and tugged. Plastic and tarpaulin shrouds draped over the scaffolding fell away gradually and the beautiful building emerged like a wet-winged butterfly from its chrysalis.

Like Bologna and Modena, Parma was governed for generations by local nobility but the foods of Parma seem more sophisticated than those of Bologna and Modena - the pasta is more delicate, the pork products are more refined.

This may be due in part to long years of government by the Farnese family and to the subsequent influence of Maria-Luisa, Duchess of Parma. The duchess (daughter of Francis I, Emperor of Austria, and second wife of Napoleon) employed two French chefs from her days as Empress of France, as well as an Italian chef and pastry cooks from her native Vienna. These last introduced yeast pastry confections to Parma - lighter and more refined than Austrian pâtisserie. Café Torino in the centre of Parma is famous for them.

Parmigiano cheese - more specifically called Parmigiano-Reggiano to distinguish it from others in the same family - is one of the world's great cheeses. The real McCoy is pin-pricked all over the sides and a stencil giving the date of making and the maker's code to prove its excellent provenance.

Cheeses that fail their exams (and Parmigiano-Reggiano is rigorously tested at various stages during production) have the proud legend "Parmigiano-Reggiano" cancelled by ignoramus Xs.

Parmigiano is famed as a grating cheese, especially for dressing pasta, but increasingly I enjoy it as a table cheese - the less elaborate the context, the better it shows off its flavour.

Shaved into flaky curls with a swivel-bladed potato peeler, it sets the

gastric juices flowing as a first course salad, scattered over wafer-thin slices of bulb fennel dressed with olive oil and lemon. I also love it served at the end of dinner with quartered juicy pears. Or on its own instead of *amuse-bouches* with pre-dinner drinks.

Emiliani insist the king of cheeses should never be sliced. So cut, dig, chip or hack it into craggy wedges instead, using a purpose-made Parmesan knife (a bit like an oyster knife without the guard) that encourages the cheese to break into jagged splinters following the natural seams.

The pig (which grows fat on whey left in the vat after cheesemaking) reigns supreme in the duchy of Parma. A notable feature of pork products here is how few extras they include. A little salt, some pepper maybe, but rarely more as the meat of local pigs has, by tradition, so much

highly prized by local cognoscenti that you are unlikely to find it outside the duchy.

But Parma ham is king. DOC-controlled, each leg is branded with the five-point ducal crown of Parma and bears a seal stating the place and date of making so it can be traced right back to the farmer who raised the pig and the man who salted it. Like the individual identification of each and every Parmigiano-Reggiano cheese, this shows proper pride in food production.

The breezy hills around Langhirano are an ideal place for curing Parma ham.

Spalla, or shoulder, can make succulent, sweet, cooked ham but uncooked, cured meats are generally preferred. From Felino, just south of Parma, comes Felino salami, one of the most pleasing. The best *coppa* (a meaty muscle of neck fillet) is made near Piacenza.

The marshlands of the Po valley north of Parma are home to exquisite *cotechino*, made from the best part of the trotter. A rarer treat than Parma ham, it is whispered about and so

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The breezy hills around Langhirano, south of Parma, provide the ideal environment for curing Parma ham (the very opposite of the foggy stillness on which *cotechino* production depends). The carefully selected legs, lightly massaged with salt, rinsed and partially smeared with lard, are hung for 10 to 12 months in wonderfully odorous ageing rooms, sheltered or fully ventilated depending on the weather. The result is raw ham of elegant and distinctive flavour, finely textured with pale lingers-pink lean and a good ratio of fat. It falls easily from the knife when carved.

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I am afraid I cannot recall what came next. Maybe I skipped a course having feasted so well on the first two. But I remember cakes were served with a very sweet, elderflower Malvasia Frizzante.

Then came *tortelli alle erbe*, a dish of finesse and Parma's pasta specialty: pockets of egg pasta filled with *ricotta* and spinach (variations call for spinach beet or chard) gently seasoned with nutmeg, the whole dusted with Parmesan cheese and drizzled with melted butter.

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came next. Maybe I skipped a course having feasted so well on the first two. But I remember cakes were served with a very sweet, elderflower Malvasia Frizzante.

Finally, we sipped green walnut liqueur, another local specialty. Then it was high time for a siesta.

P.D.

FENNEL WITH PROSCIUTTO AND PARMIGIANO

(serves 4 as a first course or 6 as a vegetable)

For years we have enjoyed Parma ham simply wrapped round *grissini* bread sticks or as an appetising partner for ripe melon, figs, peaches or pears.

More adventurous cooks have also begun to use Parma ham as the Emilians do, sometimes slipping it into pasta fillings, wrapping it around veal or chicken to give those meats a little lift, or employing it - as one might use bacon - to more subtle effect - in vegetable cooking, especially with peas, beans, lettuce, fennel and celery.

Here is a recipe to remember for Christmas as it goes well with cold roast poultry, pork and veal:

1½lb Florence fennel; 1oz unsalted butter; 1 tablespoon olive oil; 2oz prosciutto di Parma, cut into snippets; 1½oz Parmigiano-Reggiano

cheese, freshly grated; 1½oz coarse, slightly stale bread crumbs.

Trim the fennel, reserving the feathery fronds, and cut the bulbs into thin wedges. Sauté them for five minutes in two-thirds of the butter mixed with the oil. Reduce the heat, cover and steam-fry for 10 minutes, stirring occasionally, until golden and well cooked through.

Rub one hot griddle dish (or four *ouïe sur le plat* dishes) with butter paper. Put the fennel into the dishes, sprinkle the chopped fennel fronds, black pepper (but no salt), all of the ham and most of the cheese between layers. End with a layer of fennel.

Melt the rest of the butter in the sauté pan. Away from the heat, stir in the crumbs to sop up the fat. Add the rest of the grated cheese to the crumbs and sprinkle the mixture over the fennel. Grill until golden.

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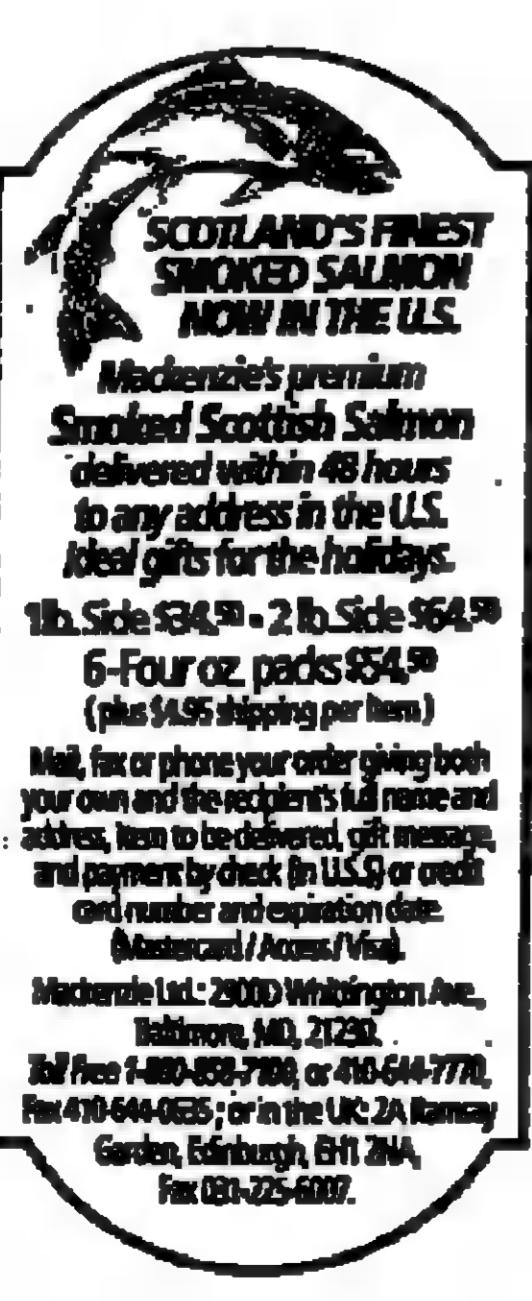
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Italy is famous for its cheeses, none more so than the strictly-controlled Parmigiano

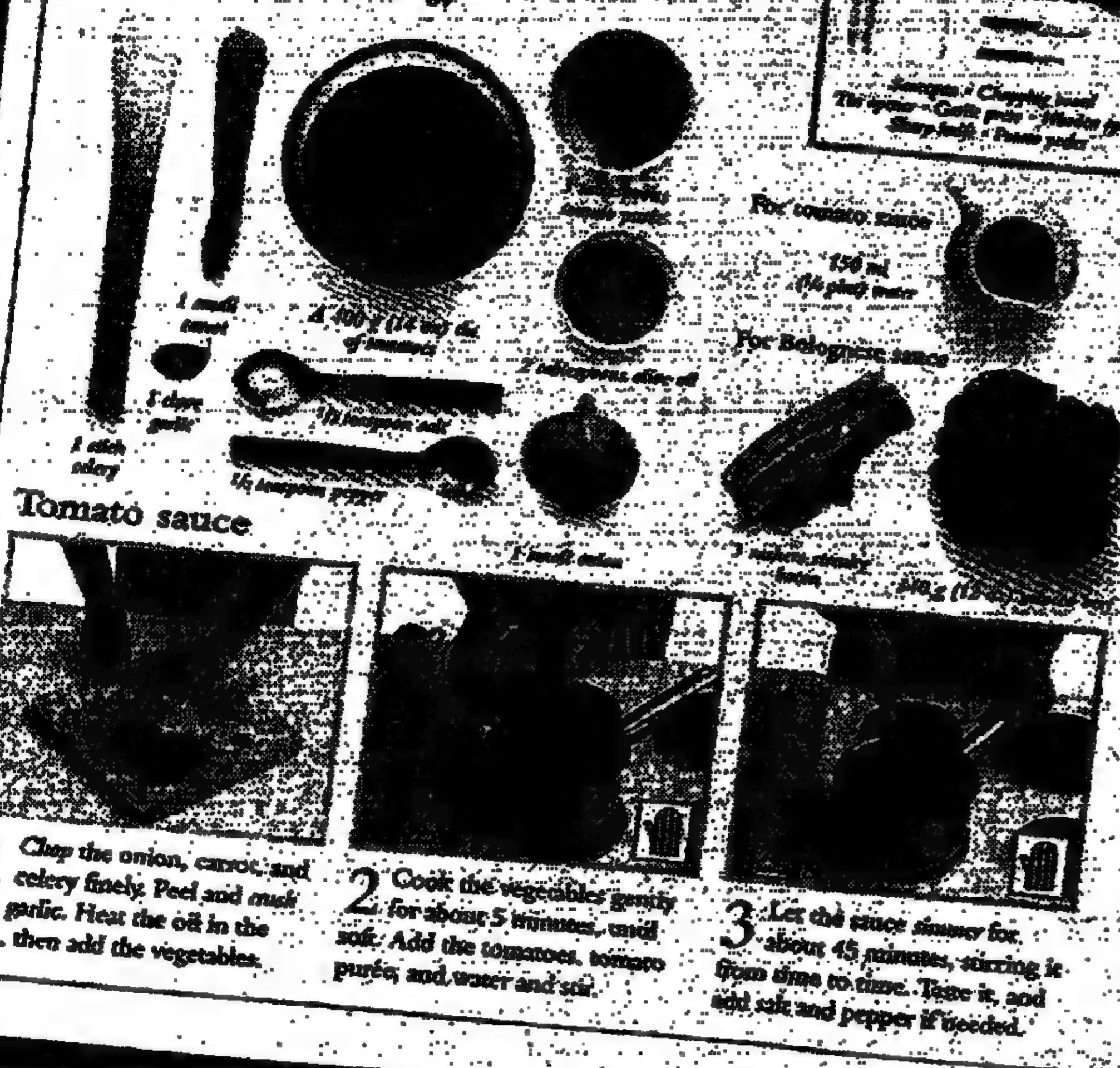


FOOD AND DRINK

PASTA SAUCES

Here are two classic pasta sauces - tomato sauce and Bolognese sauce - which you can make from the same basic recipe. Serve them with 340g (12 oz) pasta for four people. Make the sauce first and cook the pasta last when you are ready to eat.

You will need (for 4 servings)



The "Children's Step-by-Step Cook Book" by Angie Wilkes (Dorling Kindersley, £3.99) is one of a splendidly produced series. It is a realistic guide to what children can achieve in the kitchen, not least because Wilkes tests all her recipes on her own youngsters. From simple snacks to main course meals this should provide worthwhile fun and instruction to budding cooks.

Culinary kids

Cordon bleu for children

My most enjoyable gastronomic experiences recently have not been in a renowned dining room or even in a newly-discovered eatery. Instead, they have taken place at Saturday lunchtime around the kitchen table at home, when one of our children has returned from a morning spent at Le Petit Cordon Bleu, the Saturday culinary workshop for children aged 8-14.

Our son, William, in his splattered apron and a small chef's hat, brings home two plastic containers with our lunch: mussels in a cream sauce; a delicate fish stew cooked with herbs in a court bouillon; chicken leg, souci

disable and mashed potato; a rillette of salmon with lime that was so delicious a friend insisted on the recipe; and a creamy bread and butter pudding. He has also appeared with florentines, macaroons, brandy snaps, flapjacks and

strawberry cheesecakes for tea. These courses began in Paris three years ago and proved so successful that they were adopted by the London branch of Le Cordon Bleu last year. Each session lasts from 10am to 12.30pm and costs £25. This covers teaching, ingredients - and, effectively, provides lunch for parents.

■ *Le Cordon Bleu, 114 Marylebone Lane, London W1M 6HE. Tel: 071-935 3503; fax: 071-935 7651. Nick Lander*



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Living with Trident

Continued from Page 1

not much larger than a coffin. The macabre feel is emphasised by the fact that many of the ratings' bunks are packed in around the bottom of the missile silos: in that sleep near death who knows what dreams shall come.

At about the size of a small second bedroom, the wardroom catering for 15 officers is probably the largest public space on the boat. Its most redeeming aspect is the lack of pipework - a feature omnipresent elsewhere - and some soft furnishings.

Yet despite the best efforts of the Navy's designers, it is impossible to suspend disbelief and imagine yourself away from this cramped place and this responsibility. At heart, Vanguard is a nuclear-tipped sardine can with more than 100 men locked closely together for months at a time. Every nook and cranny is packed with electronic equipment, every ceiling a sprawl of hydraulic pipework.

The tang of the air is familiar to anyone who has been inside a power station or an engineering workshop. It is the metallic bite of machine oil and the dry warmth of reconditioned oxygen. There is a constant background hum from the nuclear reactor which is not so much heard as felt. It soaks up through the soles of your shoes. This is a soulless place drifting on a soulless mission.

The missile compartment is surreal. In the Polaris submarines they used to call it 'The Forest', with 16 tall trunks stretching along the compartment. Standing among them stretches the imagination beyond breaking point: could the contents of these tubes mean the end of humanity?

It goes without saying that it takes a particular kind of person to survive three months squashed inside a tin can waiting for the unimaginable. The pressure from boredom and claustrophobia is obvious, the weight of the sea above flattens the soul.

Yet there is also a paradoxical feeling of agoraphobia: thousands of miles of empty ocean stretching away on all sides added to the vertigo of hanging two or three miles above the sea bed. Whether the kind of person who can adjust to such conditions is the right person to have a finger on the nuclear trigger would make a good psychology finals question.

Stress is a problem. More than one submariner has had to be brought back from a Polaris patrol under sedation because he was unable to cope with the psychological demands.

It cannot help that not all of the submarine's crew are volunteers. The submarine service does not have sufficient applicants, so some have to be pressed into service from other parts of the Navy. Even Commander Boyd originally had ambitions to be a naval pilot. For all the Navy's proud history of turning reluctant recruits into a fighting force, the demands which are being made now are unimaginable to any crew member who genuinely contemplates them.

That stress can only increase as the gap between the rhetoric of deterrence and the likelihood of its being needed to counter an overwhelming threat in the real world gets wider. Handcuffs hang ready to subdue anyone who cannot cope. Its infirmary retains a high stock of sedatives.

The difficulty of matching the real world to Vanguard's capabilities is not confined to the crew. For the Royal Navy, the launch of that appealing new deterrent is also a slightly awkward affair. Tensions between the great powers are at their lowest for 50 years, while the US and Russia are busy dismantling 80 per cent of their nuclear weapons. This is not the best time for the UK to launch a hideously expensive submarine fleet which substantially increases the number, range and accuracy of nuclear warheads Britain can deliver.

In part the Navy's weakened rationale for Trident explains the search for a new role in deterring those who might land the old Scud missile on the UK. It is also behind the argument that nothing much has changed and that Russia could soon turn hostile again.

Yet it is hard to hide the apparent pointlessness of long and stressful sea patrols to safeguard against a sneak attack which is not going to come. Perhaps the boat is at sea because a Trident submarine sitting in port would be a white elephant even harder to hide. It can only be hoped that the Navy's long run of avoiding large accidents continues.

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Vintage Champagne

Sparkling with extra class

Giles MacDonogh sips some special cuvées

The Krug brothers used to say that they preferred their (admittedly rather special) Grande Cuvée to their vintage wines. After all, while God makes vintage champagne, only a highly talented mortal can make wines as great as the Krug Grande Cuvée.

Vintages are not declared every year, for the very simple reason that God is not always that kind of champagne grower. There are miserable years in this northermost outpost of French viticulture when the grapes scarcely ripen.

To make drinkable champagne in years such as these, you need to add reserve wines from other years to achieve the weight and balance required of champagne.

The 1980s, however, proved to be a champagne-maker's dream decade. All the major houses declared vintages in 1982, '83, '85, '86, '88, '89 and '90 and some declared other years, too. During the economic boom times, the wines walked off the shelves with such indecent speed that they were often a little on the raw side - or 'green' to use the technical term.

The quality of the decade and the recession, however, have had one beneficial effect: stocks are high, and the wines released these days have a touch more maturity than many of those cloaked back in the days of *enrichissous* and Margaret Thatcher. Most of the top champagnes (or grandes marques) are now released when they are five years old.

Champagne is a blend of three grape varieties: Pinot Meunier, Pinot Noir and Chardonnay. Pinot Meunier does not generally figure in vintage champagne, as it is not considered able to age with dignity. And although there are some fabulously rich Chardonnay vintage champagnes, it is the black Pinot Noir which gives the body to most of the great vintage wines.

A young vintage champagne often has a bouquet of fresh fruit: crushed berries or strawberries. As it gets older, an increasingly toasty, nutty character creeps in. When it is really old, it sometimes smells a little of old rose petals in a pot-pourri.

English people are supposed to like the taste of really old champagne, and I have heard it said that a vintage should not be broached until it is 10 years old. A really ripe vintage of this sort, such as an '83, would be perfect now. On the other hand, such wines are hard to find.

Many people open a bottle of champagne at Christmas, either around the tree while

and white truffles. It is very much a food wine and would be delicious with *foie gras* £19.75 from Bibendum (071-222 5377).

Veuve Clicquot - another big wine ideal for food. £25.95 to £29.50 from Waitrose, Harvey Nichols (071-235 5000), La Reserve (071-589 2020), Eldridge Pope (0805-251 251) or Fortune and Mason (071-734 8040).

Roederer - rich again (honey and apples) and another food wine £29 from Harrods, Tanners, Laytons, Justerini and Brooks, Lay and Wheeler, Berry Bros and Nick Nicholsons.

Pol Roger - a big Pinot Noir wine with plenty of fresh raspberry tastes and one of the great wines of the vintage £28 from Berry Bros, Harrods, Tanners (0743-232400), Valentines and Crolla (051-585 1688) and Bennetts of Chipping Camden (0836-840322).

Bollinger - potentially the best of all but a slow developer and one to lay down. £20 from Sainsbury, Majestic, Bottoms Up, Threshers, Oddbins and Wine Rack.

■ 1982. Alain Thienot - an interesting champagne which would be good with more highly flavoured foods £20 to £23 from Robersons, Barnes Wine Shop or the Clifton Cellar in Bristol.

Ruinart - this champagne is the best and one of the liveliest wines in the tasting. With its nutty bouquet, it would be superb with food. Erick Requemont, of the Four Seasons Hotel, suggested a *salade forte* with *foie gras*. £21.80 from Bibendum.

Billecart-Salmon - tasting of raspberries and cream and a very delicate, feminine champagne. £22 from Harvey Nichols or Adnams of Southwold.

■ 1983. Alfred Gratien - call 0342-315105 for stockists. £23.

Piper Heidsieck - the only old-tasting champagne in the tasting. Perhaps a little like Miles Haversham but it will have its admirers. £18 to £20.50 from Davy's of London, Les Caves du Pairoin of Leicester, Vin de Bordeaux of Oldham or Best Cellars of Devon.

Bruno Paillard - creamy bread and walnuts, just right for this Christmas. £22.95 from Le Nez Rouge (071-609 4711).

Charles Heidsieck - strawberry mousse, soft and luscious, it could even be drunk with bland fowl such as turkey. £27.50 to £30 from Selfridges, Fenwicks of Newcastle, Cavendish House of Cheltenham, or Blame of Darlington.

Krug - nuts, raspberries and lemon, astonishingly complex, this really is God's wine. £66 to £75 from Oddbins, Harrods, Selfridges or Threshers.

With
watch
Amie Wilson

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Jan 11 in 150

This year, a powerful new figure has entered the British sporting scene. The authorities are ramming hard but, with media attention dominated by drug scandals, the contestants' rise to prominence has been hardly noticed.

The new contender on pitch and track is the lawyer, and the name of the game is Litigation.

In the second High Court case of the year involving a soccer accident, the Aston Villa footballer John Fasham and his insurers were ordered to pay £70,000 in compensation to a defender injured in a 1987 league game. In a wrangle over contracts, Leicester City went to law last week seeking compensation running into millions of pounds after its manager, Brian Little, was fired by Villa.

Meanwhile in Geneva, attorneys

Litigation is the name of the game

Growing numbers of sportsmen are consulting a lawyer instead of the referee, writes Keith Wheatley

acting for the International Motor-sport Federation are trying to decide whether David Coulthard will work for McLaren or Williams Renault in next season's Formula One. If Williams wins, a talented driver may have to sit out 1995 in the pits while Nigel Mansell continues his comeback.

The death of the Austrian skier Uli Mader last season focused attention – and litigation – on a dangerous sport. When the International Ski Federation introduced compulsory and far-reaching rights-waivers for competitors in this year's World Cup, skiers began

talking of a boycott.

The old maxim of *Volens non fit injuria* (he who consents cannot be injured), which used to govern sport, is now history and the inclination to reach for a lawyer rather than a referee is worrying the highest reaches of world sport.

Since the effects of this on the Olympic Games can only be bad, Olympic officials and leaders of international federations have begun to fight back against the tendency to sue and are attempting to make specialised sports arbitration more attractive.

Recent cases such as the one

involving the American sprinter Butch Reynolds, who sued the world athletics body for \$2m after he was suspended over allegations of drug abuse, were the last straw.

As worries mount about how litigation could affect the Atlanta Games in 1996, Dr Primo Neboli, president of the International Amateur Athletics Federation, announced at the International Olympic Committee council meeting in Barcelona last week that new IAAF rules would impose mandatory arbitration on competitors.

"We will change our constitution and insert an article making it

obligatory for an athlete to follow all internal appeals and then go to arbitration," said Dr Neboli. Other sports within the Olympic programme plan the same restrictions.

Officials say that the IAAF realises how serious the problems of litigation by athletes had become when the Coca-Cola corporation froze millions of dollars in sponsorship money to prevent it being sequestered under a court order to pay compensation to Butch Reynolds.

The new system had been in place, Reynolds's dispute with the US Olympic Committee, would have

had to go to the Court of Arbitration for Sport in Switzerland.

This court has existed on a very modest scale for nearly 10 years. However, it has only recently been separated from the IOC, which was seen as a vital move, as many of the most serious disputes are likely to involve the Olympics and national trials.

Dick Pound, a Canadian lawyer and the most powerful member of the IOC after President Juan Samaranch, said: "Previously in these disputes the IOC had tended to take the line, 'What you say is debatable; what we say is sacred

fact.' To hold ourselves up to outside jurisdiction is a signal of how seriously the problem must be addressed.

"It is vital to find some means which can keep the Olympics in Atlanta free of litigation, which may paralyse the ability of the organisers, the officials and the athletes in relation to the Games."

In a lecture given in Washington, he gave warning that a stadium full of wreaths could have far-reaching consequences. "We must all hope that the courts in the United States will not try to substitute their judgment for that of the proper sports authorities," he said.

"If this does not happen, I foresee the day when the US will no longer be able to attract any major sports events."

Tennis / John Barrett

Grand Slam serves the whole game

You may never have heard of them, but Dan O'Connell, Nicolas Ayeboua, Gustavo Granitto and Frank Couraud are perhaps the most important names in international tennis.

At least, they are to thousands of aspiring young tennis players in third world countries trying to make a start in the game.

All four are tennis coaches, employed by the International Tennis Federation as full-time development officers. They travel their regions, working with the national federations to organise competitive events among junior players and train future coaches.

O'Connell is an American, whose patch is Fiji and the South Pacific; Ayeboua, from Togo, looks after the whole of French Africa; Granitto comes from Argentina and operates in Central America and the Spanish Caribbean; while Couraud is a Frenchman, whose territory is the English and Dutch Caribbean.

Doug MacCurdy, who runs the operation for the ITF, said: "This has been the most significant step since we set up our development department in 1984. During 1985 and 1986 we shall appoint three more coaches in Africa, China and Central Asia to start the same process."

The whole of this work is funded from the \$2m a year donated to the Grand Slam Development Fund by the Compaq Grand Slam Cup, the end-of-season event that is taking place for the fifth time this week at the Olympiabahn in Munich.

Those who criticise the tournament for providing annual prize money of \$6m for the 16 men who have performed best in the four major championships of the year – the Australian and French Open, Wimbledon and the US Open – forget the benefits to the whole of the game.

One who does not is Andre

Agassi. Speaking in Munich this week, after beating the Austrian left-hander Thomas Muster in a glorious first-round match, the US Open champion and world number two said: "They are always asking, 'should there be all this money in tennis?'

The reality is that the stadium is full up there and the tournament donates \$2m a year to charity. Two million a year has gone to third world countries' programmes for developing tennis and another \$1m goes every year to a charity of Aza's choice."

Axel Meyer Wolden, the Munich lawyer who came to

Two million a year has gone to developing tennis in third world countries

the ITF and the Grand Slam Committee in 1988 with the idea of launching the Grand Slam Cup, is a man with a keen sense of social responsibility.

"The motive is a moral one – to help others," he said. "Contributions have been made to buy equipment for treating young children with cancer and for facilitating organ transplants. Bosnia, Russia and other areas affected with war and strife have received funds to feed, clothe and give shelter to children."

It is a proud record. But do not be misled. There is more than just philanthropy in Dr Meyer Wolden's motives. He has built the Grand Slam Cup into a profitable event of real stature.

Television coverage ensures it is seen in more than 200 countries. That has been no easy task in the face of the political sniping from the Association of Tennis Professionals' Tour, the body that emerged

when the ATP broke away from the Men's International Professional Tennis Council.

The Grand Slam Cup is at the very top of the sporting pyramid. Three players who started at the bottom are Claude N'Gor, from the Ivory Coast, Tamer el Savy, an Egyptian, and Nigeria's Sule Lajido. All three have emerged from ITF programmes to achieve significant rankings – Claude and Tamer are now among the top 240 men in the world. Sule only a little lower.

By winning local tournaments they were selected for one of the ITF junior teams, which are sent to appropriate tournaments under the eye of an experienced manager/coach. Through success at this second stage of the ITF's "pyramid of opportunity", Claude, Sule and Tamer were promoted to ITF Satellite teams, the first rung of the professional ladder where ATP points can be won.

From there they have now been transferred to an ITF Challenger team, whose coach is the former French circuit player, Jacques Harvet. But they have yet to climb the final peak. Entry to the Grand Slam Championships and the tournaments of the main ATP Tour can be gained only by accumulating sufficient computer points from Challenger tournaments and Satellite circuits.

That quantum leap has been made by a few players who started out on ITF programmes. Byron Black, the Davis Cup player from Zimbabwe and the French Open doubles champion, freely acknowledges that without ITF help his career would never have taken off. And Karim Alami, who beat Pete Sampras in the first round of the Qatar Open last January, benefited from membership of an ITF professional team.

So tomorrow, when this year's winner of the Compaq Grand Slam Cup steps forward to receive his cheque for \$1.5m, remember the benefits that the contest has brought to the world game.



Hanging in there: Neil Carson gets a grip at the Snow + Rock World Cup climbing competition

Climbing / Martin Brice

A sport that is going up in the world

The near-certainty that the climber will fall off spectacularly and have to be lowered to safety makes watching a climbing contest a nail-biting experience. Rock climbing has tension, drama, and in an indoor arena, television cameras can move in close.

The popularity of the sport is growing rapidly and the televising of it on the UK on December 26 of the fourth round of the International Climbing World Cup at the Birmingham Indoor Arena could herald its golden era.

On the continent, televised climbing commands huge audiences and rock climbing is as popular as football is in the UK. However, climbing in Britain is now booming.

One place this is evident is at Ples-y-Brenin, the Sports Council's centre for training mountaineers in Wales, which runs courses for all standards in climbing, as well as canyoning, orienteering and winter mountaineering.

Malcolm Doyle, chief instructor at Ples-y-Brenin said: "We run rock climbing courses for people coming into the sport, and demand for this is significantly increasing." It also runs courses leading to the Mountain Instructor Award. "We train people who then train newcomers and this area is absolutely booming," said Doyle.

Because climbers now train on indoor climbing walls, the standard of skills has not fallen, even though the numbers of people entering the sport has gone up. In the 1960s and 1970s few if any British climbers were able to train, but many now have their own climbing wall in a cellar or garage, with specially made holds bolted to panels of plywood.

"Some climbers have no intention of ever going near a mountain," said Mike Brown, managing director of Snow + Rock, the ski and mountaineering retail group, which has five shops in the south of England. Snow + Rock spent £25,000

sponsoring the competition at Birmingham, and Brown said: "This has been one of the best things that has ever happened to climbing and it would have been a disaster for Britain not to have held that competition."

The advent of the climbing wall has increased the popularity of climbing, just as dry ski slopes pulled skiing forward in the late 1980s. We sell the holds in our shops and some climbers build their own walls."

Snow + Rock, which has an annual turnover of £2m, used sponsorship of the Birmingham event to raise the profile of the company in a growing sport.

The British climbing team is sponsored by Reebok, the

Some climbers have no intention of ever going near a mountain

sports clothing and footwear company.

The company does not yet have a product directly related to the sport but it plans to launch a specialist rock climbing boot, the Transcender, in the spring.

Chris Gore, outdoor manager for Reebok, said: "Rock climbing is one of the most exciting visual sports." Reebok believes linking its name to an exciting sport such as rock climbing will lead to consumers seeing its products in a glamorous light. The company plans to move on to sponsor individual climbers.

Meanwhile, the sport continues to grow. A company called High Performance Sports has been set up to turn a former water-pumping station in Stoke Newington in north London into an indoor climbing centre called The Castle at a cost of about £1.5m. It will offer climbs up to 80ft and it is hoped it will be open next autumn.

FT Ski Expedition

With Klammer to watch over me

Arnie Wilson rubs shoulders with some skiing legends

Arnis Wilson and Lucy Dickey are attempting to ski every day of 1994 on a round-the-world expedition. They are spending their final weeks in North America.

Was there not a movie in which all the waxworks came to life? Well, that is how it was seen in Telluride, Colorado, where we have been consorting almost night and day with some of skiing's legends.

They are here for a tournament of champions and we are here to watch. We are also skiing a little – although I made my excuses when Franz Klammer suggested I should ski in the pro-am race.

Winter or summer, Telluride is one of the most beautiful places in Colorado, and the skiing – down steep gladed trails under a consistently dark blue sky – has been outstanding for early December.

One problem, however, is that you have no idea which of your skiing gods may be peering down at you from a lift. For example, will Klammer – for whom Telluride is some-

thing of a second home – notice that I still have the same bad habits he tried to cure me of two years ago at his ski clinic in Copper Mountain?

He should, at least be impressed that Lucy and I are getting better at not falling over. Lucy recently won 300 miles (the best part of a month) without a tumble, and what is perhaps strange is that after almost a year of skiing, we have both fallen exactly the same number of times: 161, or about 20 miles.

The people sharing the dance floor with us at a Wild West party at Gorrono's mid-mountain restaurant share six Olympic gold medals, three silvers, two bronzes and 13 World Cup titles. Now they are about to battle for \$200,000 prize money in the Tournament of Champions series.

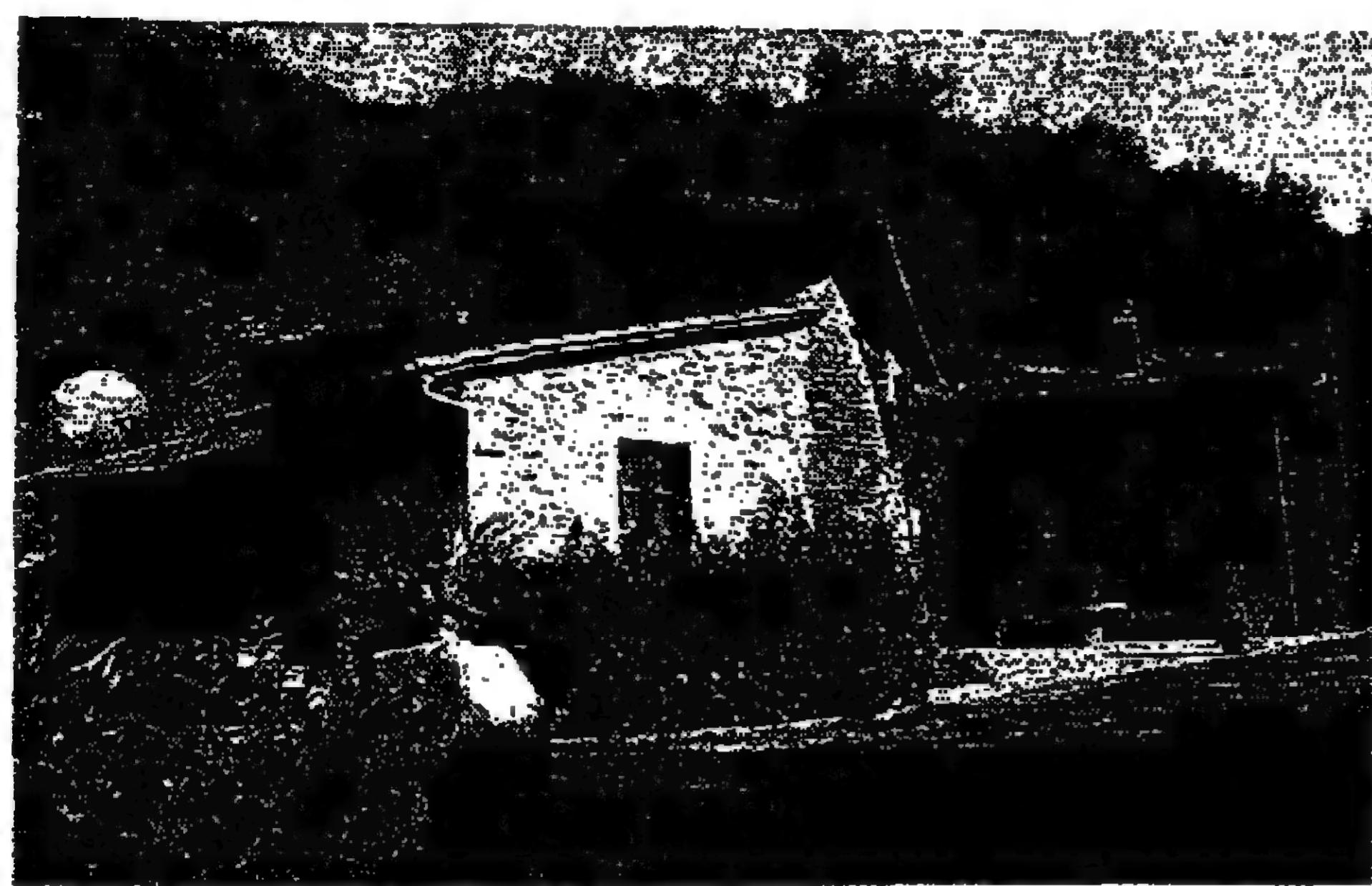
Every other person is famous: there is Klammer, Bill Johnson (the first American – in 1984 – to win an Olympic gold for downhill), Franz Weber (six times World Speed Skiing champion), Leomhard Stock (1980 Olympic downhill gold medal at Lake Placid),

Facts and Figures

Movement statistics
Vertical rise: 477,765 (Total 1994-95)
Horizontal distance: 77 (Total 1994-95)
Altitude change: 1,409 (Total 1994-95)
Altitude total: 1,678 (Total 1994-95)
Average fall height of climbers: 17.7m (Total 1994-95)

Prize money
£100,000 (Total 1994-95); £500,000 (Total 1995-96); £1,000,000 (Total 1996-97); £2,000,000 (Total 1997-98); £4,000,000 (Total 1998-99); £8,000,000 (Total 1999-2000); £16,000,000 (Total 2000-01); £32,000,000 (Total 2001-02); £64,000,000 (Total 2002-03); £128,000,000 (Total 2003-04); £256,000,000 (Total 2004-05); £512,000,000 (Total 2005-06); £1,024,000,000 (Total 2006-07); £2,048,000,000 (Total 2007-08); £4,096,000,000 (Total 2008-09); £8,192,000,000 (Total 2009-10); £16,384,000,000 (Total 2010-11); £32,768,000,000 (Total 2011-12); £65,536,000,000 (Total 2012-13); £131,072,000,000 (Total 2013-14); £262,144,000,000 (Total 2014-15); £524,288,000,000 (Total 2015-16); £1,048,576,000,000 (Total 2016-17); £2,096,152,000,000 (Total 2017-18); £4,192,304,000,000 (Total 2018-19); £8,384,608,000,000 (Total 2019-20); £16,768,216,000,000 (Total 2020-21); £33,536,432,000,000 (Total 2021-22); £67,072,864,000,000 (Total 2022-23); £134,145,728,000,000 (Total 2023-24); £268,291,456,000,000 (Total 2024-25); £536,582,912,000,000 (Total 2025-26); £1,073,165,824,000,000 (Total 2026-27); £2,146,331,648,000,000 (Total 2027-28); £4,292,663,296,000,000 (Total 2028-29); £8,585,326,592,000,000 (Total 2029-30); £17,170,653,184,000,000 (Total 2030-31); £34,341,306,368,000,000 (Total 2031-32); £68,682,612,736,000,000 (Total 2032-33); £137,365,225,472,000,000 (Total 2033-34); £274,730,450,944,000,000 (Total 2034-35); £549,460,901,888,000,000 (Total 2035-36); £1,098,921,803,776,000,000 (Total 2036-37); £2,197,843,607,552,000,000 (Total 2037-38); £4,395,687,215,104,000,000 (Total 2038-39); £8,791,374,430,208,000,000 (Total 2039-40); £17,582,748,860,416,000,000 (Total 2040-41); £35,165,497,720,832,000,000 (Total 2041-42); £70,330,995,441,664,000,000 (Total 2042-43); £140,661,990,883,328,000,000 (Total 2043-44); £281,323,981,766,656,000,000 (Total 2044-45); £562,647,963,533

PROPERTY



Hillside retreat: converted mill near Florence priced at £227,000 through Brian A French & Associates.



Country life: a 15th-century manor house, set in parkland in a hill-village 20 minutes drive from Florence, which is being converted into 13 units priced between £100,000 and £200,000

An Italian renaissance

With prices low, now might be a good time to buy a second home in Florence, writes Audrey Powell

The dire predictions that were made about the Italian property market in 1993 have come true in Florence this year, and worst estimates say the market has fallen by between 20 and 30 per cent.

PRico Relocation Management (the acronym comes from Prudential Insurance Company of America), a company that has handled relocations in the UK and Europe for 25 years, says: "The weak economy and political uncertainty have taken their toll."

"In a town that relies on small industry and tourism, the residential market falls have been serious." So now could be a good time to buy.

However, PRico says buyers have been cautious, while sellers have often refused to accept that the market has fallen so far.

Some agents are now saying the market has "stabilised", but others are using the word "stagnated". Both buyers and sellers are awaiting a miracle.

solution, from the government. The company notes that many foreign purchasers have chosen to live in the city centre, around the Duomo and Santa Croce areas. For a new or renovated apartment there, prices are about £325,000 to £360,000 (£750m to £800m). Older properties could be a third cheaper.

Be wary of neighbourhoods that could be noisy, of the ever-present parking problem, and of places that attract the city's annual 2.5m tourists.

The revival of demand for second homes abroad among British buyers has been slower than expected.

Brian A French & Associates, a UK agent specialising in Italian property, believes it is now up to the agencies to rekindle the public's interest in the overseas market. The company's view is: "We can lead it alone."

French has gathered a broad mix of properties in and around Florence, which it hopes will entice second-home buyers to the area. Accessibility is one of the selling points.

With so much to do, life in Florence need never be dull, although it could certainly be expensive. A currency that soon takes you into figures that run off the end of your calculator can be daunting to the foreign home-buyer. Take heart from the fact that Florence is a great place for haggling, especially in the present financial climate.

The hill-enclosed city, with a population of 397,450, straddles the River Arno. From its high vantage points, it forms a pattern of faded red roofs and limestone walls. At ground level there are narrow streets with ornate iron window grilles, avenues well-shaded with trees and businesslike, tall, flat-

fronted apartment blocks.

So where should one look for a second home?

Up-and-coming areas are to the south at Campo di Marte. The lettings market is more buoyant than sales. In the medium-price bracket two-bedroom apartments range from £475 to £713 a month, depending on whether furnished or unfurnished.

For something more pricey, look in the Piazzale Michelangelo and Viale Michelangelo districts, says Dr Paolo Spagnoli, a property consultant with offices in Florence and London.

A beginning-of-the-century semi-detached house, set back behind a screen of trees has space for six cars in the forecourt. The basement would make a sizeable garden flat.

There are high-ceilinged ground-floor rooms; various upper rooms and bathrooms.

It is not much cared for at present, but the basics are there. Its Italian industrialist owner had been wanting about £1.5m, but is now asking £1.2m.

negotiable.

In San Domenico, on the city fringe, is a property in a different style: a 1930s detached house. This is situated among individual houses on a hillside with more than two acres of garden and there is a possibility of buying more.

Although it looks almost like a bungalow, it has five bedrooms, a sitting room, study, dining room, paved terrace and double garage. It is modernised, has a highly sophisticated security system and is ready to move into. This is also priced at £1.2m, negotiable.

If you are not in the market at this sort of price, a short drive north of Florence takes you into the Mugello region. This expanse of open country seems to have escaped publication because it has little to attract tourists except the occasional castle.

It has that Italian trademark: groups of slender cypress trees, and is surrounded by folds of hills shading from pale green to purple in the evening light.

Many Italians from Florence head in this direction, either for second homes or as commuters. They find they can pick their price among old villas and rural buildings. There are no parking worries and it is cooler in summer.

Brian A French & Associates has built up a collection of possible second homes. It is working in conjunction with Spagnoli Engineering, a Florence construction company that is renovating old villas and manor houses, often dividing them into more manageable units for sale. The company also does conversion work for individual buyers.

It is building 40 houses and flats in a development in the Mugello district, 30 minutes by car or train from Florence. The properties will be in short terraces, with the local-style red roofs and ochre-coloured walls. Prices are from £25,000 to £170,000.

If you want an older property, a 15th-century manor house in parkland, in a hill-village 20 minutes from Florence, is being made into 13

units of between 883sq ft to 2,750sq ft. They will sell from £100,000 to £400,000.

A farm estate in another Mugello area has been split to make a three-bedroom apartment in a tower, for sale at £75,000; and a ground-floor four-room flat with a bathroom and family room, priced at £30,000. Both will need refurbishment.

A four-bedroom section of a farmhouse, on two floors, at Dicomano, also needs renovation, but comes with 25 acres of land and is cooler in summer.

Abbey National, the British bank, has recently opened 18 branches across Italy, including one in Florence. It offers a range of live mortgages for both first and holiday homes in mainland Italy.

According to Pietro Bertolo, of Abbey National's Milan head office, the bank now has a significant presence on the Italian financial services scene, lending to "thousands of contented Italian borrowers" and an increasing number of UK buyers. It has an English-speaking customer-service department in Milan.

■ More information: PRico Relocation Management, 071-639 3222; Dr Paolo Spagnoli, 071-9768; Brian A French & Associates, 071-224 0114; Abbey National Bank (Milan) 0372321.

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BOOKS

The king of the gossip column

Jurek Martin on the rise and rise of America's first celebrity journalist

Modern journalism has its angels and its devils, its pundits and polemicists, its scandal and hate-mongers and gossips and those whom even the mightiest governments could not ignore. Yet surely no American in the 20th century has embodied all these qualities, good and bad, as much as Walter Winchell.

Neal Gabler's vivid book is not merely the chronicle of an extraordinary life. It is also an indispensable guide to the rise and rise of the tabloid media. As one contemporary observer noted, "calling Winchell a mere gossip writer is like calling Lindbergh a mere aviator, no mean compliment to the son of impoverished Russian Jewish immigrants who started his working life as a Vaudeville hoofer.

His 40-year journalistic

career encompassed, consecutively, newspapers, radio and the early days of television, with a brief digression into film. All the great trends and events of his times were the subject of his pen and voice.

He was the principal chronicler of the glamour of Broadway in the 1920s, the flowering of the cafe society in New York in the 1930s and the emergence of Hollywood. Winchell practically invented celebrity journalism as we now know it. Damon Runyon, his personal friend, Hemingway and Mencken all thought his style unique and admirable but he made his enemies, too, like Ed Sullivan, a contemporary rival and later the TV host who introduced the Beatles to America.

But once established as the king of his gossip realm and with a radio audience running into 7m a week, he turned to politics and the affairs of the world. In one of his smartest acts, Franklin Roosevelt invited Winchell round to the White House for a brief chat in the first week after his presidential inauguration. No precise record of what passed between them exists beyond the columnist's notoriously exaggerated recollection, but the result was that the president

whether the US should enter the war in 1939, he thought his president was right to support Britain with the lend-lease programme - and British intelligence was smart enough to understand his public influence and to feed him stories (so, for different ulterior motives, did J Edgar Hoover of the FBI).

His progressive record, most notably on race relations, made it all the more extraordinary that he joined Joe McCarthy's witch-hunt. Gabler traces this to a famous incident at the Stork Club involving Josephine Baker, the black entertainer, who walked out in

disgust at not being served prominently. This turned Winchell's anti-Soviet guns on all "ungrateful" liberals and communists, with Hoover, as ever, stoking his fire. The columnist was there at all the great Washington hearings of the mid-1950s, as much of a celebrity as those on the bench and in the dock. As McCarthy fell, so did Winchell and his reputation never recovered.

His decline into freeloaders and poverty again had its occasional counterparts. His distinctive machine gun voice could be heard again in the early 1980s as the narrator of *The Untouchables*, the TV

crime series; the late Bert Lancaster brought his personality to rights in his portrayal of J.J. Gammie, the unscrupulous gossip columnist in the film *The Sweet Smell of Success*.

But his spirit and approach does live today. As a gossip columnist, he relied on and thus legitimised "press agents" - functionaries of today's ubiquitous public relations industry, current American fascism with celebrity trials (O.J. Simpson, the Menendez brothers, the Bobbitts and Hardings) has roots in Winchell's intense coverage of Bruno Hauptmann, convicted for kidnapping the Lindbergh baby. And if Bush Limbaugh, the modern radio polemicist, and all his cohorts want to look up family trees, they need search no further than Walter Winchell.

Sad Little Prince

Who is the most popular French writer outside France? Not Molière, nor Sartre, nor even Simenon, but the war pilot Antoine de Saint-Exupéry. His children's story *The Little Prince*, about an aviator who crashes in the Sahara Desert and wakes up beside the little prince, visiting from another star, runs into more foreign editions than any French book.

Written in lonely wartime exile in New York, *The Little Prince* was bundled off to the publishers as Saint-Exupéry boarded a ship for north Africa in 1943 and persuaded the American forces to take him on as a reconnaissance pilot. The next year, deviating from his flight plan so that he could glimpse his childhood haunts in southern France, he disappeared. His plane was never recovered.

As romantic and mysterious as his fiction, Saint-Exupéry's life was steeped at once in the pioneering spirit of early aviation and in nostalgia for the chivalry of the 19th century.

Born in 1900 into an aristocratic family, he spent an idyllic childhood in a château at the foot of the Jura mountains. At 12, he made his first flight - four years after the Wright brothers - and was hooked. He joined the French air force, then flew in north Africa as a member of the Air Mail Service - the subject of his first book, *Southern Mail*.

In 1931 in Argentina he met a glamorous young widow called Consuelo. He invited her for a flight then and there, and demanded from the cockpit

SAINTE-EXUPÉRY
by Stacey Schiff
Chatto & Windus £25, 525 pages

From Elvis to punk

Nostalgia rules as Peter Aspden turns into the year's pop books

As if sensing its own decline, pop music is devolving now and more into the past to discover its true worth; and nowhere can this be seen more clearly than in its literature.

The pick of these year's pop books fittingly tackle two of the genre's greatest legends: Elvis Presley and The Beatles. Peter Guralnick's *Lost Train to Memphis: The Rise of Elvis Presley* (Little, Brown, £17.99) chronicles just a small part of his subject's life - up to his mother's death in 1968 - but how refreshing it is to see an author concentrating on Presley's formative, classic years rather than dwell morbidly on his decline.

Guralnick's account is a welcome corrective to those who believe that Elvis was just a good-looking boy who was in the right place at the right time. He was also, notwithstanding his youth, an immensely dedicated and self-confident artist whose perfectionism exasperated colleagues; the rough spontaneity of a classic like "Hound Dog", for example, required no fewer than 30 studio takes before the singer declared his satisfaction. The book also evokes marvellously the atmosphere of rural America in the 1950s.

Ian MacDonald's *Revolution in the Head: The Beatles' Records and the Sixties* (Fourth Estate, £15) also makes the point that success and superstardom were not

achieved with the apparent effortlessness which the group's best songs managed to convey. His track-by-track analysis, unafraid of explaining seemingly trivial points with quite complex musical terminology, will prove irresistible to any fan; equally impressive, however, is the subtle, elegiac essay at the front of the book which is one of the most convincing cultural analyses of recent British musical history which you could ever hope to read.

Elsewhere, we have had the usual mix of embarrassingly hagiographic biographies and serious, polytechnic lectures, these which attempt to locate the importance of popular music in society-at-large. These latter authors, on the whole joyless and ponderously-written, are a result of the spectacular growth of subjects such as cultural studies in higher education, which legitimises doctoral dissertations on... well, just about anything really.

One of the best of these books is George Lipsitz's *Dangerous Crossroads: Popular Music, Postmodernism, and the Politics of Place* (Verso, £19.95), a collection of essays which looks at the subject of ethnicity in music. The mix of different cultural soundtracks is one of the most

characteristic features of today's music, and most of these pieces are intelligent and well-conceived.

Which is more than can be said of most of the biographies on offer. Once more, the goodies are the oldies: Ray Coleman's *Clapton: The Authorised Biography* (Sidgwick & Jackson, £15.99) is an easy enough read, perfectly reflects the man's current musical output: pleasant and unchallenging. The subject of Jeremy Reed's *Waiting for the Moon: A Biography of Lou Reed* (Picador, £14.99) could never be accused of that, but he has become increasingly difficult to take seriously, scarcely deserving of the iconic status ascribed by the author (no relation).

The most pretentious offering around is Ray Davies's *X-Ray: The Unauthorised Autobiography* (Viking, £16), in which a fictitious "journalist" gets Davies to open up on his life in the 1950s, although there are some nuggets in the over-confused narrative. A more entertaining account of that decade's excesses is provided by Marianne Faithfull and her co-author David Dalton in *Faithfull* (Michael Joseph, £15.99), written with good humour and a certain amount of battered dignity.

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Moving into (slightly) more recent history, Carl Magnus Palm's *Abbé: The Complete Recording Sessions* (Century, £12.95) is a good example of a pop act notwithstanding phenomenal sales and even a cult following, being unable to withstand detailed critical attention. Palm has done his homework, however, and some of the early pictures are hilarious.

A man who seems to keep up with the feelings and desires of each successive generation is Neil Young: *The Rolling Stone Files* (Sidgwick & Jackson, £15.99) is a revealing and poignant collection of articles from the magazine's archives, and a fascinating insight into the changing face of rock journalism over the past 25 years.

But then again, time and pop music have a strange relationship. Delving into George Gilmor's *Punk 1970-1979: An Eyewitness Record of the Punk Decade* (Vintage, £19.95), I was reminded that there were just four years between the release of the Beatles' final album, *Let It Be*, and the first Ramones gig. To listen to the two groups' music, you would put them 100 years apart; but things moved fast in those days. If nobody comes up with any bright ideas, expect both a punk and a Beatles revival for 1995, and expect them to be written about in yet more loving detail.

This is the second major English biography of Saint-Exupéry in two years. Stacey Schiff is more comprehensive and detailed than Paul Webster's *Antoine Saint-Exupéry: The Life and Death of the Little Prince* (Macmillan), but far less readable. Her style is fussy, her interpretation of her subject's writing muddled and convoluted. She does however, throw extensive and important new light on the composition of *The Little Prince*, much of it written at the home of Sylvia Reinhardt, a young American who was besotted with Ambrose.

He was, according to Schiff, as this time impotent; moreover he spoke no English and Sylvia had no French. But she served him fried eggs and English muffins by candlelight whenever he called, and provided a doll and a poodle as models for the prince and the sheep. Then she listened, rapt though without understanding a word, as Saint-Exupéry read from the manuscript.

Schiff sees *The Little Prince* as a "cosmic urchin". Webster, more convincingly and sympathetically, reads the book as a love letter to Consuelo, who is characterised as the rose. After he had finished it, Saint-Exupéry wrote that he was "indifferent to life". The climax to this story, his madcap deserting wartime flights, is breath-taking and heartbreaking.

Jackie Wulschlag
Wulschlag



An epic study of the genesis of greatness

Patti Waldmeir on Nelson Mandela, the man who refused to hate

of the family comforts which

had right firmly on his side - it profiles a man, not a supernatural agent of good. His memoirs are never merely self-indulgent: each episode represents an essential building block in the construction of the Mandela character.

From the moment of his birth into the royal family of the Thembu tribe in the Transkei black homeland, he begins to learn the lessons of leadership which he draws on - 800 pages and seven decades later - to guide a reluctant African National Congress to eventual agreement with the white minority government. For although Mandela often disclaims personal responsibility for the deal which ended apartheid - going out of his way to stress the deadlock-breaking initiatives taken by, among others, South African Communist party chairman Joe Slovo - this is the story of the political and emotional evolution of a great leader of men.

There are glimpses of human weakness: after young Mandela flees an arranged marriage in the Transkei, he leaves a trail of lies and half-truths which land him in endless trouble. And, to the very end, he remains unable to detect guilt in his wife, Winnie, after her conviction on kidnapping charges; the book's most moving passages reveal his love for the beautiful young Winnie, his desire for her during decades in prison, and his devotion to her despite their 1992 decision to separate.

Winnie is the centre of Mandela's personal tragedy: that he was forced to sacrifice his personal life to the liberation cause, not only while in prison but for the five years since his release. Mandela today lives largely alone, bereft

successful, to triumph over his captors by using persuasion and charm - plus his sharp wits as a trained lawyer - to defeat a brutal system.

Nowhere is Mandela's extraordinary character apparent more readily than in his relationship with his warders: his steadfast refusal to blame the individual for the evils of a political system; his joy at detecting a "glimmer of humanity" in one of his guards; his patient efforts to persuade them of his cause - efforts which, surprisingly, often succeeded.

This tale of struggle and suffering is leavened throughout by Mandela's impish wit:

ghost-writer Richard Stengel is remarkably adept at capturing the voice of Mandela at its most relaxed and entertaining. Although his prepared speeches often are heavy and dull, Mandela is a superb impromptu raconteur. This survives Stengel's editing of the first parts of the book - composed in jail and buried in the prison garden for safekeeping - and the fact that he wrote most of the later section on the basis of interviews with

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for all its page-turning and sometimes frankly tacky style, *The Damjanuk Affair* tells a true and important

War crimes and other injustices

Did five countries collude to execute an innocent man? Chrystia Freeland reads on

story. Written by Yoram Sheftel, the defense lawyer in the case the book describes, it is the tale of how, in one of the most publicised war crimes trials of the decade, Israel very nearly executed the wrong man.

In 1986 John Demjanjuk, an retired auto-worker living in Cleveland, was extradited to Israel to be tried on charges that he was a Ukrainian guard at the Treblinka concentration camp, known as "Ivan the Terrible" for the sadistic pleasure he took in abusing prisoners. Demjanjuk was imprisoned in Jerusalem for seven years and found guilty and sentenced to death before an overwhelming

body of evidence - discovered by the defense only late in the case - compelled the Israeli Supreme court to overturn the verdict and allow him to return home.

Sheftel leads readers on a racy romp through the twists and turns of this tale - which includes the suspicious suicide of one of his partners, running through garbage cans outside the US Department of Justice for concealed evidence, and trips to Warsaw and the Crimea - but he ends with a damningly serious conclusion.

Sheftel contends that

Demjanjuk was not merely the victim of a sad case of mistaken identity. Instead, by the

extradition of Demjanjuk have supported this view, that the Office of Special Investigations, the branch of the US Justice Department established to investigate war criminals living in America, knew all along that Demjanjuk was not "Ivan the Terrible". But the OSI, according to Sheftel, concealed exonerating evidence from the defence (these are the documents discovered in the DC trash bins) because of its overwhelming desire to secure a conviction.

He accuses Poland, Germany and the Soviet Union of going along with the American plot and concealing documents in their own possession which

would also have helped to prove that Demjanjuk was the wrong Ivan. But Sheftel reserves special venom for what he calls the "Israeli establishment". In its eagerness to "conduct a special 'Israeli-style' show-trial, to teach Israeli children the story of the Holocaust" Sheftel argues that the Israeli criminal justice system very nearly "murdered" an innocent man and debased the memory of the Holocaust.

These are serious charges, but Sheftel backs them up with a wealth of evidence, and have been broadly endorsed by rulings in American and Israeli courts. It is this miscarriage of justice - which Sheftel, with

huge arrogance but an equal measure of justification, compares to the Dreyfus Affair - that makes *The Damjanuk Affair* an important book.

Some readers might disregard this book's powerful message in their distaste for its tone. Sheftel has made no effort to adopt a dispassionate, objective stance. His "beautiful, new, dazzling white Porsche 22" appears four times in the first 25 pages, his mother's Yiddish sayings pop up repeatedly and clichés, especially those involving fire, seem to hold a magnetic appeal.

But for all his unabashed self-promotion - Sheftel admits this was the case of his career and takes an unashamed delight in the humiliation of his opponents - he tells a story worth reading. If I were ever unfairly accused of a serious crime I would want this courageous agent to be my lawyer.

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Jonathan Pryce as Fagin

An Oliver! for the nineties

A spectacular staging evokes Dickens' world of Romantic despair, writes Alastair Macaulay

THE new Cameron Mackintosh production of Lionel Bart's 1960 musical *Oliver!* is – of course – a spectacular hit. It has been announced for months; bookings are already being taken for five months hence, and I noticed, as I rushed to my deadline from the theatre, that Shubert's already has a window of the "Who will buy" scene.

To find fault with a bit of this would be about as practical as trying to stand in the way of a herd of charging bison – though I, who have a kamikaze instinct in these matters, have a fault or two I will in due course try to find.

But first I report that I did all those things you hope to do at a musical – gasped, laughed, cried. And the composer, who was sitting behind me on opening night, sounded as if he was hyperventilating – with a hope, pleasure.

Spectacular is the key word. Sam Mendes's staging starts with a terrific image – Oliver's pregnant mother Agnes rushing in lonely misery against a violent storm – and at once we are in the bleak world of

Romantic despair that is vital to the original Dickens novel. Then in moments we are in the symmetrical, militaristic regime of the workhouse. The next half-hour, it must be said, sags.

The original *Oliver!* was spectacular too, by the standards of its day; it was probably the first West End show I ever saw, as a titch in short trousers, and my memories are largely of the amazing revolving stage.

In the 1994 *Oliver!* the stage does not turn – but once we are on the streets of London, in the company of the Artful Dodger, Anthony Ward's scenery begins to do marvels. Brilliantly, Ward puts St Paul's Cathedral and other sights before us in breathtaking succession – and reminds us that Bart's musical is actually a lousy to London. What a gift to the tourists: this staging is first. And yet residents Londoners may watch it with even stronger emotion.

Bart's *Oliver!* is also a love-song to the traditions of the music-hall. Bart, in 1960, was far from original in this (it is, indeed, easy to see that he was simply doing to Dickens what *My Fair Lady* had done to Shaw, and that "Consider yourself" very cleverly repeats the formula of "Get me to the church on time") but so what? In the 1994 staging, it is Matthew Bourne's choreography that is most alert to the musical element of this musical; and, watching some of the wonderful traditional steps Bourne gives Fagin (Jonathan Pryce) and his thief-children in "Be Back Soon", I cried in wonder. What British choreographer since Frederick Ashton has shown so much sense of the musical wit of these old music-hall steps?

Still, this staging is better seen than heard. William David Brown's orchestra and Martin Koch's musical supervision do Bart's score no favours. The most original and beautiful musical episode in *Oliver!* is "Who will Buy" – the fantasy of arching street-melodies all overlapping and prompting Oliver to buy his one moment of lyric radiance ("Who will buy this won-

derful morning?"). The street-songs (which so touchingly show Bart's love of bygone London traditions) should drop upon the still morning air and illuminate it.

But the whole scene here feels pre-packaged and under-sung. The ensemble radiance that should infect Oliver is here replaced by neat, tepid cuteness.

Little Adam Seares's Artful Dodger is the first performance that gives the production the shot of spontaneous energy and charm it needs. He is only a child, but he has the kind of winning chuckle, smile, and bubble that many adult performers try in vain. He and his chums, leading us to Fagin and the thieves' kitchen introduce us to the production's star – Jonathan Pryce. Here too is an artist who takes command of the whole show from his first appearance.

Tall, piratical, canny, Pryce is a consummate performer: just hear how he draws out an elaborate cadenza in "Pick a Pocko or Two" and then, economically but deftly, coughs.

Next we meet Sally Dexter's Nancy – not only the best singing of the evening but also the most generous attention to her every fellow performer and the most thrilling energy. These three performers carry the show to triumph.

And yet, and yet... Several times my eyes filled with tears, not thanks to the current performance, but because it so frequently failed to match the eloquence of the original cast album – which, ah me, I grew up on.

The Palladium cast is strong in rhythm (except in the slow,

lyrical numbers) but shockingly dull in melodic phrasing or in dynamic variety. The great ascents of Beatie Bumple's "One Boy, the Boy for Sale" fall flat, as do the boyish repetitions of "Where is Love?" from Oliver (James Daley). The Sowerberrys wreck the witty, urbane, creepy "That's your funeral" by shouting it.

For this, Mendes – sometimes Bourne too – must take responsibility; but what the show needs most is better musicianship. Neither Pryce nor Dexter make the great impression that they could in their big solos.

You will never know why *Oliver!* inspires such affection if you only listen to the current cast. But anyone with an eye will be impressed and sometimes thrilled.

At the Palladium, W1

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ARTS

Veteran painters in abstraction

Alan Green and Albert Irvin may not have won any prizes but their work is flourishing, writes William Packer

At 62 and 72 respectively, Alan Green and Albert Irvin qualify as veteran painters in the true sense of the word, "grown old in service; experienced by long usage or practice; old soldiers." More to the point, both are abstract painters, which to many, such is the current orthodoxy of critical debate, would seem to mark them out not so much as rare, but as irrelevant beasts indeed.

On the one hand, the figurative-revisionist lobby comes close to arguing that abstraction was an aberrant and sterile sport in the development of modernism. On the other, we should remember that not since the 1960s has an abstract painter of any kind been our principle representative at the Venice Biennale, and not once has one won the Turner Prize, which in any case seems now, after seven such winners on the trot, to be reserved exclusively for sculptors.

The truth is that once developed, abstraction was never going to go away. Moreover, from the hands of true artists from Mondrian to Pollock have come some of the most physically beautiful and certainly most characteristic works of our century. Here it flourishes, as it has done since the war, with many of our more interesting painters, young and old, as committed to it as ever - Fiona Rae, Alan Gouk, Basil Beattie, Bridget Riley, Trisha Gillman, Jennifer Durrant, Peter

Joseph, Sean Scully, Terry Frost, Patrick Heron - the list is endless. Green and Irvin, although they have won no prizes, no public honours, no great retrospectives, are as distinguished as any of them. Between themselves, they could hardly present a greater contrast. Green is the more classical of the two, his work coming out of the constructivist tradition, architectural and rectilinear in its disposition, minimalist in its tendency. To describe it, even now when it has withdrawn from the more extreme simplicity of recent years, is almost to describe nothing - muted colours; close tones; the composition a matter of simple verticals and horizontals.

But that says nothing of the richness of the surface, with its pigment worked so lovingly, raked and hoed like the richest soil, albeit a mere patch, a pocket handkerchief. These are small paintings, yet the vigour so evident in their working gives them a physical presence quite disproportionate to their scale. All, so far, is on the surface - texture, colour and tone all singing together in close and silent harmony, "for there is a music wherever there is a harmony, order or proportion", as old Thomas Browne said.

But there is more to them than that, for these are pictures: all their

surface and physical qualities have pictorial and imaginative qualities to complement them. All abstract painting has a sense of landscape to it, by the simple fact that even a single mark laid upon a surface will work pictorially upon the imagination by the suggestion of space. An horizontal becomes an horizon, and any vertical interposed will articulate the space between. Are Green's horizontals, then, true horizons, his verticals and cross-members monumental structures, or are they only possibly such things? Are they even these things, and at the same time not these things at all? Such imaginative ambiguity is for us to recon-

If Green is the classical, Albert Irvin is manifestly the romantic, and yet the point of the landscape possibilities of abstraction applies equally to him and his work. It is just that Turner rather than Mondrian is his hero, and the ambiguous suggestion is achieved by atmospheric clouds and sweeps of colour rather than by line. Music too comes into it, though Wagner and Verdi rather than Satie.

It must be said that in recent years Irvin seems to have settled upon the major keys, and even the same tunes. The energy, the sheer gusto of the work, and the particular variations that inevitably follow notwithstanding, the formal structure he employs seem now to be set in a consistent pattern - a huge colour-field filled to a consistent

density, flat up to the picture-plane, with blocks and circles overlaid cross-wise with broad swathes of clean, vivid colour.

The physical excitement and

ing are infections, and his technical control over so ebullient a temperament, exercised on so vast a scale, is remarkable. To note a formulaic quality, when an artist such as Green is clearly and necessarily for

music, is therefore not to carp. But Irvin is so different, so openly intuitive and spontaneous in his approach, that one only wonders how considered, or unconsciously, his formula has become.

Copenhagen 1994 by Albert Irvin: Turner rather than Mondrian is his hero, the ambiguous suggestion is achieved with sweeps of colour rather than lines.

Alan Green: small paintings; Annetje Joda Fine Art, 23 Dapper Street W1, until December 17. Albert Irvin: 30 Davies Street, W1, until January 14.

Television/Christopher Dunkley

Comic with rage beyond the laughs

Unless today's programme is utterly different from the first nine in the series, Channel 4 will screen the funniest and sharpest programme of the week at 10.05 tonight: *Rory Bremner - Who Else?* It has not been possible to watch a preview tape because the programme was still being put together last night, topically being an important element. But flop at this stage would be astonishing. Between them, Bremner and his producers Geoff Atkinson and Elaine Morris and, very importantly, John Bird and John Fortune, have now developed a formula and a tone of voice which induces not only laughter but cheering.

Of course there have been laughs in *Knowing Me Knowing You*, *Clive Anderson Talks Back* and *How I Got News For You*, even a few in *Spitting Image*, and a lot in *Drop The Dead Donkey*. But it is difficult

to imagine anybody in any of those shows ever allowing honest-to-god anger, or even passionate enthusiasm, to show through the post of ennui and knowlessness. When a tub of lard was substituted for Roy Hattersley on *How I Got News For You* it was certainly funny, but there was no feeling that anybody really wanted to offend poor old Roy. Sure enough they welcomed him onto the show a few weeks later.

The loudest and longest laughs in *Rory Bremner - Who Else?* are prompted by Bremner's stand-up sessions at the start and, stand-up

all, the end of the show when he delivers tour-de-force medleys of impressions. Last week he segued through Victor Meldrew, Lloyd Grossman, Clive Anderson, Ronnie Corbett, Barry Norman, Ian Paisley, Prince Philip, Lynne Faulds Wood and Anne Robinson to Peter O'Sullivan - I may have missed one or two. The talent of impressionists is currently out of fashion for some reason, but Bremner has two strengths that put him above fashion: first, all his characters are instantly recognisable and, second, he delivers good jokes.

Sometimes his own sketches are

political, the government being his target more often than not, which is proper enough since it is the government which enacts legislation and affects our lives. Evidence suggests that Bremner's personal beliefs lean left, so it is hardly surprising that in this series he has developed a gormlessly grinning Tony Blair who avoids ever saying anything definite, and a fine line in ridicule for the entire shadow cabinet. They were recently shown smiling, drinking, and sailing to the tune "Busy Doing Nothing".

The significant point that there

is frequently a sense of anger, even fury, behind the political content of the programme (which means much of it) the greatest scorn often occurring in the material delivered by guest performers. Sheila Hancock proclaimed a scathing revision of Margaret Thatcher's quote from the prayer of St Francis: "Where there is hatred let me sow division; where there is injury, a reduced disability allowance... where there is darkness let there be VAT on fuel; where there is sadness, a telegram..."

There is nothing flippant about that, nor about the dialogues of the two Johns which have become such

a powerful element in the show. The fictional interviews with politicians, civil servants, and especially chairmen of privatised industries provide some of the funniest moments of the week: the important difference between the chief executives of BT and the Post Office? "Well his basic salary is £263,000 and mine is only £180,000. Have you ever tried to live on £150,000 a year? Next door to impossible." Beyond the laughs there is unmistakable rage at the way we continue to allow greed and senselessness to flourish alongside pain and poverty.

This series stands head, shoulders, and torso above the other topical comedy programmes.

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Prima donna past her prime

What do we do with the ageing prima donna? Do we allow fond memories of her heyday to cushion her decline - or do we politely suggest she moves on to less demanding roles where her experience can be put to advantage? Those questions are posed by the new production of Richard Strauss's *Die Frau ohne Schatten* at the Zurich Opera House, in which Gwyneth Jones sings the Dyer's Wife. This is a part she has sung to justified acclaim in the past - including one historic occasion in Zurich nine years ago when she sang the Dyer's Wife and the Empress in the same performance.

Time has marched on, but not all of us are wiser. Dame Gwyneth still likes to sing the part, to bask in the limelight it brings. She clearly needs that kind of ego-boosting, adrenaline-pumping experience. The hit-or-miss intonation, which was always her trademark, has become more distractingly bad. In the past, such flaws had to be set against her charismatic stage presence, her ability to communicate 150 per cent.

But the flaws loom bigger now. She no longer looks the part, despite a flattering brown wig. Gestures which were once an appealing part of her stage make-up - such as that helpless look of put-upon innocence - have become mannerisms. The Zurich audience indulged her, cheered her to the roof. But Dame Gwyneth is living off her reputation. She

looks pretty.

Andrew Clark

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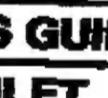
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FINANCIAL TIMES

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

List extends for 7 days to: 17/12/94

■ AMSTERDAM

CONCERTS

- Enrico Pace: pianist, plays in the Masterpianist series. Performance includes Beethoven, Mendelssohn and Debussy at 8.15 pm; Dec 11
- Sir Georg Solti: with the Royal Concertgebouw Orchestra and pianist Evgeny Kissin conducts Beethoven and Bartók at 8.15 pm; Dec 14
- Het Muziektheater Tel: (020) 551 89 22
- Die Fledermaus: by Strauss. Conductor, Ralf Wielert, production by Johanna Schaefer at 8 pm; Dec 11 (1.30 pm), 14, 17

GALLERIES

- Rijksmuseum Tel: 020 673 21 21
- Art in Devotion 1300-1500: major winter exhibition focusing on the spiritual function of objects in the medieval period; to Feb 26 (Not Sun)
- Marbled, Chintz and Brocade Paper: an exhibition of decorated paper manufactured and imported to the Low Countries in the 17th Century; to Feb 12
- Van Gogh Museum Tel: (020) 570 5200
- Odilon Redon: retrospective of the French artist's work with over 160 paintings, etchings and lithographs from public and private collections; to Jan 14

■ BARCELONA

GALLERIES

- Fundació "la Caixa" Tel: (93) 404 60 73
- Kandinsky/Mondrian: Two Roads to Abstraction. Exhibition that marks the stylistic evolution of the two painters in their early phases; to Jan 22 (Not Mon)
- Museu Picasso Tel: (93) 319 69 02
- Picasso's Early Works: 220 drawings and paintings from the period 1890-1912; to Feb 12 (Not Mon)

■ BERLIN

CONCERTS

- Berlin Philharmonic: conducted by Claudio Abbado plays Monteverdi, Stockhausen and Tchaikovsky at 8 pm; Dec 10, 14, 15, 16
- Deutsches Symphonie-Orchester Berlin: with pianist Edgar Norstein and conducted by Vladimir Ashkenazy plays Chopin and Sibelius at 8 pm; Dec 17
- Konzert Haus Tel: (020) 308 21 02/21 03
- Berlin Symphony Orchestra: conducted by Dresden Kreuzchor plays Vivaldi at 8 pm; Dec 10, 11, 12
- Radio Symphony Orchestra Berlin: conducted by Michel Plasson plays Haydn and Mozart at 8 pm; Dec 15

OPERA/BALLET

- Deutsche Oper Tel: (030) 3 41 92 48
- Siegfried: by Wagner. Conductor Horst Stein, production by Götz Friedrich at 5.30 pm; Dec 14
- The Nutcracker: by Tchaikovsky, choreographer Peter Schaufuss at 7 pm; Dec 12, 15
- Staatsoper Unter den Linden Tel: (030) 2 00 4762
- Die Verurteilung des Lukulius: by Paul Dessau. Conductor Hirsch, production by Berghaus at 8 pm; Dec 15
- Die Zauberflöte: by Mozart. Conductor Daniel Barenboim, production by August Everding at 7 pm; Dec 14
- La Traviata: by Verdi. Conducted by Ricci, production by Kretz. In Italian at 7 pm; Dec 11 (8 pm), 17
- The Nutcracker: by Tchaikovsky. Production and choreography by Walonen/Schäffer at 7 pm; Dec 10 (8 pm), 16

■ BOLOGNA

OPERA/BALLET

- Teatro Comunale Tel: (051) 529999
- Il Turco in Italia: by Rossini. A new production directed by Evelino Pido at 8.30 pm; Dec 11 (3.30 pm), 13 (5 pm)

■ BRUSSELS

CONCERTS

- Philharmonique de Bruxelles Tel: (02) 507 84 34
- Orchestre Philharmonique de Liège: Pierre Bartholomé conducts Mahler's symphony No.3 at 8 pm; Dec 15
- Royal Concertgebouw Orchestra: with pianist Evgeny Kissin and conducted by Sir Georg Solti, plays Beethoven, Bartók and Kodály at 8 pm; Dec 17

GALLERIES

- Musée d'beilles Tel: (02) 511 90 84
- Gainsborough to Ruskin: British landscape drawings and watercolours from the Heriot-Morgan Library in New York. Paintings by Constable, Turner and other 18th and 19th century artists; to Jan 15 (Not Mon)

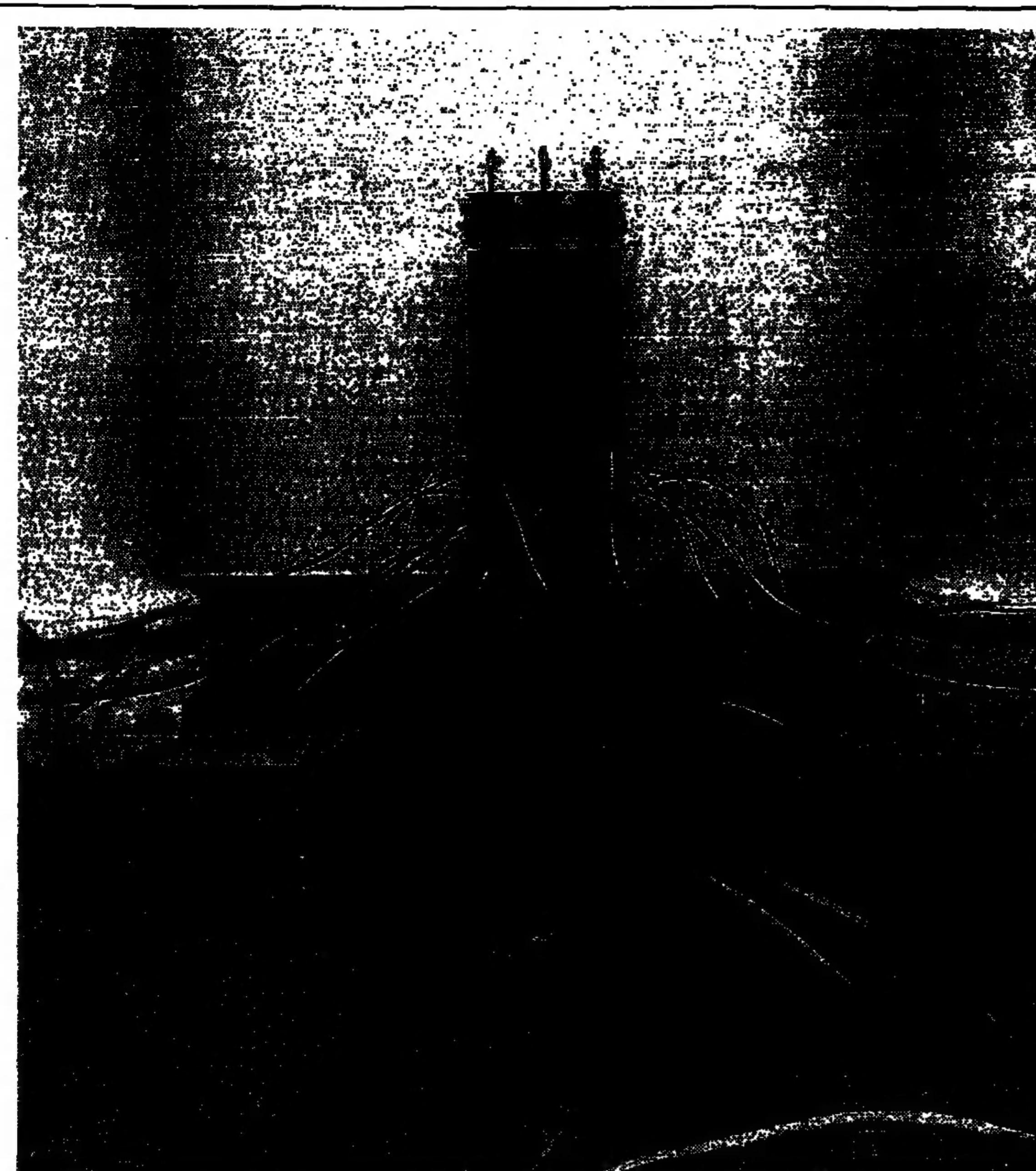
■ CHICAGO

GALLERIES

- Art Institute Tel: (312) 443 3800
- Karl Friedrich Schinkel (1781-1841): 100 drawings and prints by the influential German architect; to Jan 2

OPERA/BALLET

- Lyric Opera Tel: (312) 332 2244
- Aida: by Verdi. With tenors Lando



Stream of consciousness: 'River of the Moon' (1992) by Rebecca Horn, at the Tate, from a private collection

Marcus Leith/Mark Haskins

Bartolini and Kristján Jóhannsson at 7 pm; Dec 10, 13, 17

■ LONDON

CONCERTS

- Barbican Tel: (071) 638 8891
- András Schiff: pianist plays Bach, Bartók and Beethoven as part of the Barbican Celebrity Recital Series at 4 pm; Dec 11
- Christmas Concert: by the Royal Philharmonic Orchestra. With soprano Susan Gritten and conducted by John Scott at 7.30 pm; Dec 18
- The Dream of Gerontius: by Elgar. The London Symphony Orchestra with mezzo-soprano Anne Sofie von Otter conducted by Sir Colin Davis at 7.30 pm; Dec 11, 15
- The Messiah: by Handel. City of London Sinfonia conducted by Richard Hickox at 7.30 pm; Dec 15
- Festival Hall Tel: (071) 928 8800
- Beethoven Series: Philharmonic Orchestra conducted by Nikolaus Harnoncourt. Symphony No 8 and 9 (Pastoral) at 7.30 pm; Dec 10
- International Series: The London Philharmonic conducted by Bernard Haitink plays Berlioz (Overture, Benvenuto Cellini), Ravel (Mother Goose) and Vaughan Williams (Symphony No.5) at 7.30 pm; Dec 16
- Royal Philharmonic: with pianist Karita Mattila (soprano), Ann Murray (mezzo-soprano), Keith Lewis (tenor), Robert Lloyd (bass) and the London Philharmonic Choir perform Beethoven Symphonies Nos. 1 and 9 (Choral) at 7.30 pm; Dec 11

GALLERIES

- Hayward Tel: (071) 261 0127
- Romantic Spirit in German Art 1790-1980: examines work of early Romantic painters. Includes section on German Expressionists; to Jan 8
- The Institute of Cultural Anxiety: works of art and science by young British artists such as Angela Bulloch, Liam Gillick alongside works by more established artists such as Jeff Koons and Julian Opie; to Feb 12
- Christina Rossetti: an exploration of the Victorian poet on the centenary of her death; to Feb 12

- The Silverts: the arts of the 20's and 30's through the eyes of the Silverts; to Jan 22

- Royal Academy Tel: (071) 439 7438

- The Glory of Venice: a major survey of Venetian art in the 18th century; to Dec 14

- The Painted Page: Italian Renaissance Book Illustrations from 1450-1550; to Jan 22

- Serpentine/Tate (joint exhibition) Tel: (071) 402 0343

- Rebecca Horn: major exhibition of works by the German artist including, 'Kiss of the Rhinoceros'; to Jan 8

- James McNeill Whistler: major survey of the Victorian painter and designer; to Jan 8

- Victoria and Albert Tel: (071) 938 8500

- Streetstyle: tribal dress codes from Harlem in the 40's to new age travellers in the 90's; to Feb 19

OPERA/BALLET

- English National Opera Tel: (071) 632 8300

- Arlinda on Naxos: by Strauss. A Graham Vick production at 7.30 pm; Dec 14

- Figaro's Wedding: In house debut

for conductor Derrick Inouye at 7 pm; Dec 10, 13, 15, 17

- Knorvanchik: new production of Mussorgsky's opera. Director Francesca Zambello at 6.30 pm; Dec 12, 16

- Royal Opera House Tel: 071 240 1200

- Ashton Remembered: celebration of the Royal Ballet founder

- Christmas Concert: by the Royal Philharmonic Orchestra. With soprano Susan Gritten and conducted by John Scott at 7.30 pm; Dec 17 (2 pm)

- La Traviata: by Verdi. A new production by Richard Eyre. George Solti conducts for the first five performances, then Phillips Augün. In Italian with English surtitles at 7.30 pm; Dec 13, 16

- Mixed Programme by the Royal Ballet Company: includes Faerie! Symmetries choreographed by Ashley Page, and Symphony in C by Bizet; choreographed by George Balanchine at 7.30 pm; Dec 10 (2 pm)

- The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced by Anthony Dowell, set designed by Maria Björnson at 7.30 pm; Dec 12

- William de Kooring's Paintings; to Jan 8 (Not Mon)

- Museum of Modern Art Tel: (212) 708 9480

- A Century of Artists' Books: Exhibition of 140 books from some of this century's foremost artists; to Jan 24

- Cy Twombly: Comprehensive retrospective of the contemporary American artist; to Jan 10

- Franz Kline: Black and White 1950-61: major Abstract Expressionist works from the last decade of the artist's life; from Dec 16 to Mar 12

- Madama Butterfly: by Puccini at 8 pm; Dec 14, 17

- Peter Grimes: by Britten. English at 8 pm; Dec 12, 15

- Rigoletto: by Verdi at 8 pm; Dec 13, 17

- New York State Theater Tel: (212) 870 5570

- The Nutcracker: by Tchaikovsky, performed by the NYC Ballet. Tue-Thu 8pm. Fri 8pm. Ring for other times and matinees; to Dec 31 (Not Mon)

- National Ballet: Two Weeks with the Queen: adapted by Mary Morris from the novel by Morris Gleitzman. Alan Aykoubine directs at 7.30 pm; Dec 10 (2.15 pm), 12, 13, 14 (2.15 pm)

- The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Dec 15, 16, 17, 18 (2.15 pm)

- Arcadia: by Tom Stoppard, directed by Trevor Nunn. Two present day historians investigate a possible scandal involving Lord Byron at 7.30 pm; (Not Sun)

- National, Cottesloe Tel: (071) 928 2262

- Two Weeks with the Queen: adapted by Mary Morris from the novel by Morris Gleitzman. Alan Aykoubine directs at 7.30 pm; Dec 10 (2.15 pm), 12, 13, 14 (2.15 pm)

- The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced by Anthony Dowell, set designed by Maria Björnson at 7.30 pm; Dec 13 (2.15 pm)

- National, Cottesloe Tel: (071) 928 2262

- Lovel Valour: Compulsion: latest play by Terence McNally (of Kiss of the Spiderwoman fame), directed by Joe Mantello. Sun. Performances at 8 pm; to Jan 1 (Not Mon)

- Manhattan Theatre Club Tel: (212) 581 1212

- Lovel Valour: Compulsion: latest play by Terence McNally (of Kiss of the Spiderwoman fame), directed by Joe Mantello. Sun. Performances at 8 pm; to Jan 1 (Not Mon)

- National, Cottesloe Tel: (071) 928 2262

- Sunset Boulevard: directed by Billy Wilder, music by Andrew Lloyd Weber. Finally arrived in New York with Glenn Close playing Norma Desmond at 8 pm; (Not Sun)

- Strand Theatre Tel: (071) 930 8800

- The Prime of Miss Jean Brodie by Muriel Spark, adapted by Jay Presson Allen, directed Alan Strachan. Miss B. played by Patricia Hodge at 7.45 pm; to Feb 25 (Not Sun)

- Wyndham's Tel: (071) 369 1736

- Three Tall Women: by Edward Albee, directed by Anthony Page. With Maggie Smith, Frances de la Tour and Anastasia Hille at 8 pm; (Not Sun)

- Minikoff Theatre Tel: (212) 307 4007

- Oliver: produced by Cameron Mackintosh, directed by Sam Mendes. Cast includes Jonathon Pryce, Sally Dexter and Miles Anderson at 7.30 pm; Dec 14 (2.15 pm), 15, 16, 17 (2.15 pm)

- The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Dec 15, 16, 17, 18 (2.15 pm)

- National, Cottesloe Tel: (071) 928 2262

- Passion: music and lyrics by Stephen Sondheim. Winner of four Tony awards at 8 pm; (Not Sun)

- Promenade Theatre Tel: (212) 239 6200

- Crazy for You: by Ken Ludwig, directed by Mike Ockrent. Tony award winning musical loosely based on Gershwin's Girl Crazy at 8 pm; (Not Mon)

- Vivian Beaumont Tel: (212) 239 6200

- The Italian Metamorphosis 1843-1988: a survey of visual arts in the postwar period; to Jan 22

- Guggenheim

- The Italian Metamorphosis 1843-1988: a survey of visual arts in the postwar period; to Jan 22

- Metropolitan

- Ann Hamilton: exhibition reveals the artist's interest in the relationship

■ NEW YORK

GALLERIES

- Brooklyn Museum Tel: (718) 638 5000

Michael Wigan

A nation warmed to take the cockle to its heart

Enjoy a bouillabaisse? You barbarism! What about the rights of the innocent cockles and mussels plucked from sand and rock, thrown mercilessly into boiling water, solely for the gastronomic satisfaction of humans?

This is the charge levelled against shellfish eaters by Animal Concern, a vegetarian organisation that recently petitioned William Waldegrave, the agriculture minister, to outlaw all types of shellfish.

Britain is showing every sign of becoming the most animal-loony nation in the world. The Jains of India sweep the path before them, and wear cloths over their mouths, lest they inadvertently harm insects. But they are an extreme religious sect; and live for the

glory of God. Care for animals in Britain is taken to extremes by a vociferous fringe who discredit those whose concern for animals is reasonable and genuine.

Hunt saboteurs in their downy garb fail to convey the impression of having a deep regard for animals, or the countryside.

Peculiar public reactions followed the latest death of a keeper, mauled in John Aspinall's zoo. Animal "experts" were summoned to examine the offending Siberian tiger, and pronounced it "not wicked".

But how could the world's most powerful terrestrial carnivore be wicked? frustrated by incarceration it occasionally wanted a dietary change? The public reproaches keepers on this animal would not have been applauded by the deceased keeper; he had made a

pact that the animal should not be punished if he were mauled.

We have a contradictory attitude to wildness in animals. We crave to see it, touch it, but we simultaneously fear in the direction of sanitising it.

So people increasingly keep dangerous animals such as cross-bred wolf-husky dogs as pets and then are surprised when, as happened recently, one attacks its owner's child. What we want on the fire-side rug is a reminder of the animals we are banishing at an alarming rate from the great outside.

Britain is one of the world's most urban societies, and its inhabitants are also great lovers of animals. This is no accident. People feel the need to reconnect with the unpredictable, mysterious, non-neurotic world of nature and wildlife.

This repressed nostalgia for wild environments has surfaced conspicuously in the cries for a restored Great Caledonian Forest in the Cairngorms. Enthusiasts talk wildly about bears, wolves, even genetically-recreanted moths, or aboriginal cattle, which will roam together. The forest will be shady, capercailzie gliding between the great pines; humans will play a part as mushroom-gatherers harvesting the fruits of the forest floor.

The appeal of this lost world moves modern man who has to make do with the cat on the mat.

But alienation from real processes in the animal world is almost complete. Gross overstocking of Canada geese in the London parks produced a communal ringing of bands, but confusion about a sensible culling policy. Shooting the surplus birds, which were mak-

ing mud-pie of the lakesides, was held to be cruel, even though dispatch by a rifle shot is far kinder than the fate which awaits most animals in the wild.

Similarly, public anxiety about the rate at which native British red squirrels were being displaced by "foreign" grey squirrels led to an effective system of trapping the grays. But now people are worrying about what happens to the unfortunate grey squirrels that fall into the traps. They are killed of course. What else? Culling deer in public parks was highly unpopular until supernumerary browsers started grazing on people's garden shrubs.

Our society tries to eliminate cruelty but, through lack of understanding, creates more. Cruelty to animals is the prolongation of pain, not the swift taking of life.

A hue and cry arose recently about the transport of farm animals to overseas slaughterhouses. Yet the clearing of hundreds of abattoirs in Britain because of trivial hygiene failures and over-zealous EC sanitation rules has increased the transport of farm animals. At the same time on-farm slaughter, unless performed by an expensive vet, has been outlawed.

Traditionally, farmers killed their own livestock for eating. The sheep was led into the barn, and its nose got deep into the corn before the farmer, who may have assisted in its birth as a lamb, approached with the stun-gun and killed it tastefully.

Now, by EC law, a sheep must be herded into a truck, driven perhaps 100 miles to a slaughterhouse, pushed down the ramp into the odour of blood and death, and

fixed on to some ghoulish assembly-line for the final meeting with powerful electric nodes.

In the name of welfare, we have legislated for something far worse, which costs more.

The call of the wild is in us all. The human-gatherer instinct is also a strong one. On Britain's summer shore at low tide hundreds of people pick, rake, and probe for things to put in the boilibeans. The whole family goes. It is neither uncivilised nor uncivilizable. The same was the same hundreds of years ago.

The idea that to pull a whale from its rock is cruel would be regarded in France with incredulity. Such a perversion of values could happen only in Britain. The nation of great animal lovers no longer dares to reason against its sentimentality.

transmission of his "books" without losing large amounts of revenue and cutting his own commercial thrust.

Rating of electronic databases is too easy, Sir Charles said, and he is afraid that a forthcoming European Union directive on copyright protection will be much too weak.

At the same time he is trying – and so far failing – to negotiate with publishers and other copyright holders for permission to bring out electronic editions of modern literature.

"Our view is that you can print out of our databases until you're blue in the face. As far as individuals are concerned we really encourage that. You can go to a library which has our *English Poetry* and download all of Tennyson, if you like.

"What we don't want is someone setting up as an electronic publisher, stealing half our database and undercutting us because he hasn't had our production costs."

Of course you expect your return, I said. But won't other see electronic material as common property? If you are ripped off will they shed any tears?

"I don't expect anyone to shed any tears. We can fight our own battles. But if we invest a lot of money in setting the books, deciding on the editions, coding them with this very complex coding, then I think we have a proprietary right to the data we have created in the electronic form."

"I am a relatively unimportant person. We want to move on all the time. If it turns out in two years that creation of full texts becomes pointless, we'll just stop and do something else."

What if all these texts end up under one roof, with people like you free to change us what you like for consulting them?

"At the end of the day anybody can do what we're doing. It's not as if we're buying rights from Goethe's heirs so as to shut Goethe off from the rest of the world for evermore.

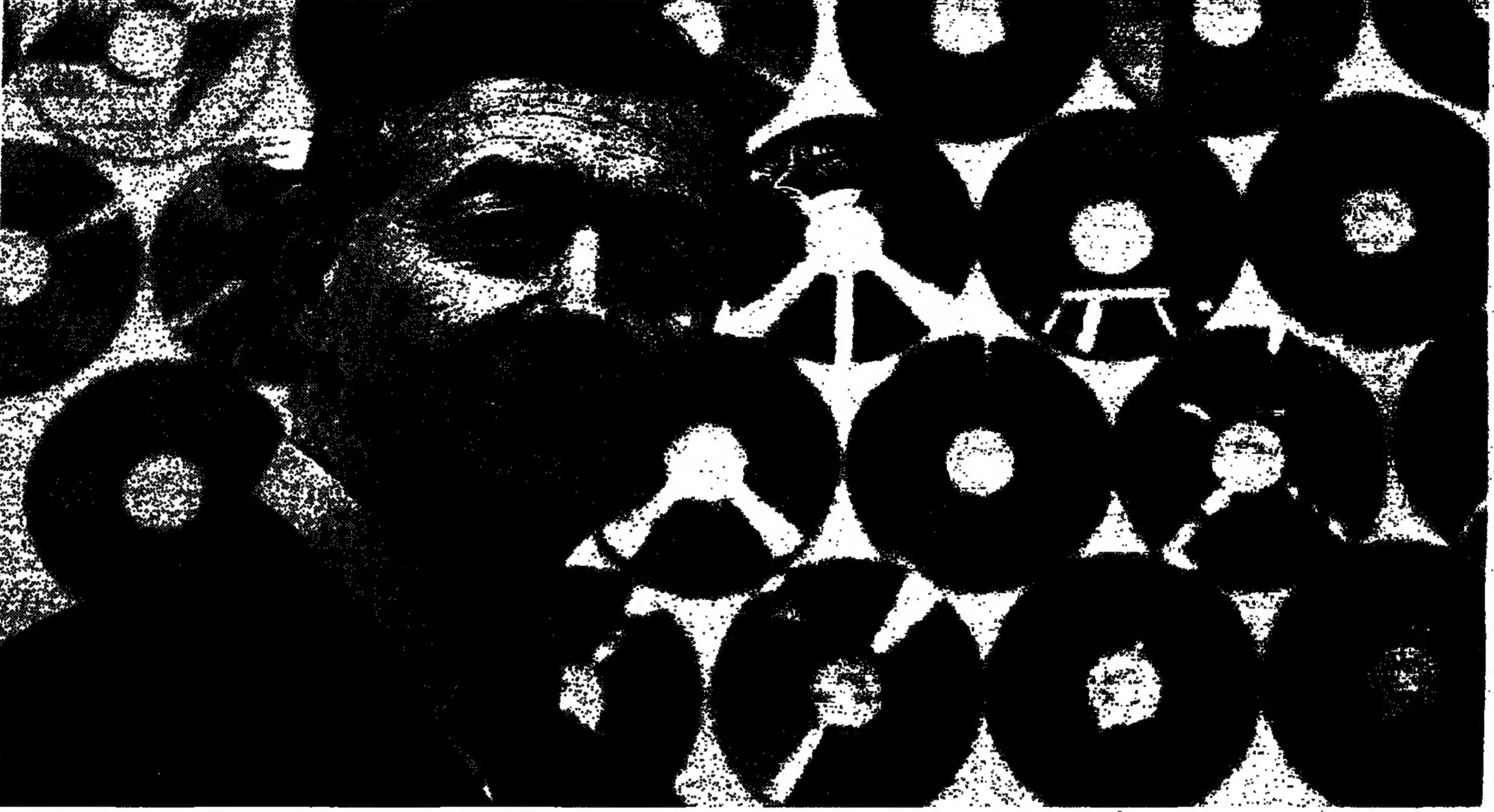
"We're creating our own edition. If somebody doesn't want to use it, they're free to create their own."

"Or they can just go on reading it out of a book."

Private View

A modern-day Caxton

Christian Tyler meets Charles Chadwyck-Healey, who is putting the world's literature on to compact disc



Ashley Alderson

it put me off writing as a profession: it was too demanding and isolated."

The Chadwyck-Healey family had publishing interests but Sir Charles followed his own nose. By 1972 he was ready to start up on his own in the microfilm business, an unglamorous medium which is almost universally disliked.

By the end of the 1980s he was ready to go electronic; and today this is 60 per cent of his business.

Most of the company's list consists of dry-as-dust bibliographies, indexes and catalogues. More accessible, though still scholarly, are ventures such as the Weimar edition of Goethe now under way (£3,000 for the equivalent of 142 volumes) and an upcoming *Voltaire Electronique* for the Voltaire Foundation.

Alongside the *Patrologia Latina* of the Church Fathers (£27,000 the set) he is bringing out *English Verse Drama* (plays from 600AD to 1900), the Bible in its main English versions and the prime editions of

Shakespeare. "Since we're at the beginning of all this, my motto is, 'let's occupy the high ground. Let's not get bogged down too much in some of the specialities'."

Sir Charles has contracts to publish back numbers of the

'The book will continue for ever – but something else is growing very fast'

"serious" British national dailies, including this one and its sister paper, *The Economist*. Sometimes, the database will be back. It is all too easy for the researcher to discover, for instance, that Sir Charles's son, Edward, was arrested with rowdy friends at Oxford for rippling up a municipal flower bed. Or to read that his sister-in-law, Julia, is the Duchess

of York's aunt, when in fact she is Fergie's cousin.

I asked Sir Charles if he was a literary venture or just a library service.

"It's as creative as any publishing – in some ways more so," he said. "Publishers wait for an author to come to them with a manuscript and the amount of editing that gets done is fairly minimal. The me is the only really creative person in the author."

You obviously don't like publishers much.

"I like publishers very much, but I've never felt part of the publishing establishment or been regarded as part. It's understandable. Our publications are virtually invisible. They haven't got the impact of a beautiful book – which is why we make so much effort with our brochures."

Conventional publishers tended to recoil with horror at the electronic medium because they could not understand the market, the high price of the product or the long timescales involved.

Bookshops are however starting to retail CDs of dictionaries, encyclopedias and science for children, at between £50 and £80 a time. Sir Charles said he was not interested in the consumer market.

"But we might, for example, license a publisher to put love poems on a CD-Rom from our database, colour the CD pink and sell it in a kind of Valentine's package."

"I wouldn't attempt to do that myself because I have no feel for that kind of market. I often think that selling these databases is a bit like selling an expensive Mercedes or something: you negotiate, you discuss, the months roll by and suddenly an order appears."

Among Chadwyck-Healey's institutional customers, however, things are changing quickly. CDs are already going the way of microfilm and the "virtual library" is round the corner.

To save space (even CDs take up room), smaller libraries are either asking for the right to take words down the telephone

line from a central institution as they need them – the company has already negotiated one such arrangement in the US – or even to be fed directly from Chadwyck-Healey's own headquarters.

"But we might, for example, license a publisher to put love poems on a CD-Rom from our database, colour the CD pink and sell it in a kind of Valentine's package."

This raises the difficult question how far an electronic publisher can license onward

under all one roof, with people like you free to change us what you like for consulting them?

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"We're creating our own edition. If somebody doesn't want to use it, they're free to create their own."

"Or they can just go on reading it out of a book."

As They Say in Europe/James Morgan

When in Rome, do as the Muscovites

Russia and Italy can get muddled up. Doesn't Berlusconi remind you just a bit of Yeltsin? "If irreconcilable positions of the two sides prevail and the legislature does not find a common language with the government on the 1995 budget, such a situation may well again raise the question of a no-confidence vote in the government." Not *Le Stampa*, but a comment in the Moscow paper, *Rossiskie Vesti*.

It is, perhaps, the result of reporting on a society where tumult rules and change often seems revolutionary. It also provides journalistic novelties. *Nevzvestnaya Gazeta*, one of the better Moscow dailies, ran a page of photos, without comment, entitled "Russian woman in an era of reform". Beggars, harlots, business-women and the super-rich – the pictures all authentically Muscovite.

Today, Russia comes alive in the press – it never did in the old days. New newspapers spring up; some, very good. It's not only the news that is exciting. There are tempting advertisements for share offers of the kind killyug governments have eliminated in richer lands. "Tomorrow will be better," one is heard.

The Russian Food Bank is offering \$25m (£15.2m) in shares of the highest category of reliability. These will provide the investor with a "stable foreign exchange income". The whole is illustrated with a nice picture of the Kremlin: one is transported back to those weeks ago. It was there that the Russian interior minister, Viktor Yerlin, said a "cold war" style scare over the Russian mafia was being whipped up to isolate the country and harm its economy. But that cuts little ice back home.

How can it, when one reads

among the trivia of everyday life of the discovery of "a secret arms dump" in Moscow?

The papers reported how a railway bridge in Moscow was blown up a few days ago. An anonymous caller told the police of a "mobile ammunition dump". The caller said: "You will find it in Spartak Street, near the fence with a sign that reads 'Alice Trailers'." A ZIL-131 truck is there and the key is under the left wheel. A random, pointless tale of daily life in Moscow.

When Russian newspapers are not dealing with the harsh realities of everyday existence, everything changes. They have always been good on what might be called culture. Artistic life is important because the present period of gigantic change has made reclaiming the nation's heritage one of the most explosive issues in an already highly charged society. If it is captured by the nation

alist right we could all be in trouble.

There is a battle going on for control of the country's media, particularly television. Parliament wants less government control, and the allocation of subsidies to be made the responsibility of a non-government body. President Yeltsin disagrees and wants to increase his influence over television by merging the two main channels.

With news like this it is not surprising that Italy comes to mind. For sure, the Russian and the Italian crises are more than a little different but you would not doubt it if your knowledge came only from the newspapers of the countries concerned. Compare Berlusconi with Yeltsin: the impasse over the budget and who should control the broadcast media; the ubiquity of organised crime and the vibrancy of the nation's culture.

But Italy is rich (for the time being at least) and Russia is more than poor. It is mired in poverty and struggling with unimaginable problems as whole sectors of the economy, and indeed of the country, seem to face terminal collapse.

New countries have suddenly raised themselves to levels of wealth and development that leave Russia far behind. But nobody could spend more than five minutes reading the newspapers of most of those dynamic lands.

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